Austria ... Sch 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium .. BFr 38	Japan ... Y550	Singapore . S$ 4.10
Canada .. C$2.00	Jordan .. Fils 500	Spain ... Pta 110
Cyprus ... C£0.80	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. DKr 7.25	Lebanon .. £L 6.00	Sweden .. SKr 6.50
Egypt .... E£1.80	Luxembourg LFr 38	Switzerland SFr 2.20
Finland .. Fmk 6.80	Malaysia .. Rin 4.25	Taiwan ... NT $95
France .. FFr 6.00	Mexico .. Peso 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 8.00	Turkey .... L 210
Greece ..... Dr 70	Netherlands .. Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway . Nkr 6.00	U.S.A. $1.50
India .... Rup 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,589 Monday April 1 1985 D 8523 B

Why star wars may cause un with Europe, Page

World news | Business summary

Paris and Moscow in fresh wrangle

France's relations with the Soviet Union have come under fresh strain at a moment when high level economic talks between the two countries are due to open in Paris today.

Edith Cresson, the Minister of Industry, said that political reasons were to blame for the Russians' failure last year to place as many capital equipment orders with France as with other Western countries.

At the same time the Soviet embassy in Paris called on the French Government to halt publication in Le Monde of confidential Russian documents showing how the Soviet Union has been benefiting from technological and military secrets gathered by its agents in the West. Page 2

Iraqi attack

Iraqi warplanes attacked five Iranian towns and an army camp in retaliation after Iranian attacks and a large explosion in Iraqi capital Baghdad during the night. Page 2

Greek campaign

Greece's Conservative opposition launched a campaign of non-recognition against the country's new President, Christos Sartzetakis, by boycotting the swearing-in ceremony and calling for a demonstration on Friday. Page 2

Chile bodies found

The bodies of three opponents of Chile's right-wing military government were found in e ditch outside Santiago with their throats cut. One was a union leader and another a member of a Roman Catholic Church human rights organisation. Page 2

Salvador violence

The Salvadorean army launched a large security operation to safeguard polling in elections for a new National Assembly, amid an upsurge in violence which the army fears could spill into towns and San Salvador, the capital. Page 2

S. Africa funeral

South African troops blocked roads around black townships in the eastern Cape as the funerals of five of the victims of recent violence took place against a background of unrest. Page 2

Carrillo ousted

Former Spanish Communist leader Santiago Carrillo was ousted as the party's parliamentary spokesman in a deepening factional split.

Khartoum guarded

Troops in Khartoum, the Sudanese capital, guarded key points and restricted entry to the city after two days of rioting over food price increases.

Jews kidnapped

Two members of Beirut's tiny Jewish community, one e prominent doctor, were kidnapped by gunmen in mainly Moslem west Beirut.

Woman freed

French embassy employee Danielle Perez was freed by gunmen who kidnapped her in west Beirut nine days ago.

Paris protest

Nearly 5,000 people marched in protest at the bombing of a Paris cinema during a Jewish film festival. The secretive Islamic Jihad (Holy War) organisation in Beirut claimed responsibility for the bombing which injured 18 people.

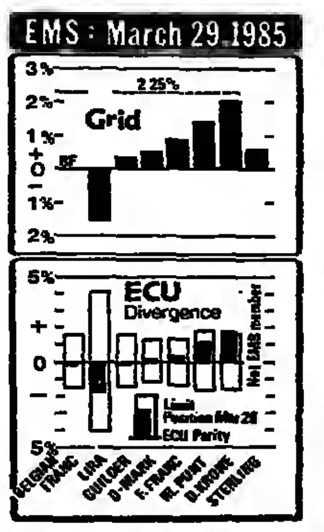
Baltic drunks

Drunken tractor drivers are becoming a serious road hazard in the Baltic republic of Latvia, Riga radio reported. They demolished rural highway bridges, fell into ditches, went to sleep and rolled out of their cabs.

Denmark passes tough new pay laws

DANISH minority coalition government successfully carried out its statutory incomes policy measures through the Volketing (parliament), putting a stop to last week's strike and lockouts. Page 12

EUROPEAN Monetary System: Currencies showed little overall change within the system last week, apart from the Italian lira, despite the dollar's sharp fall. Traditionally the lira is underpinned in the summer months through capital inflows generated by tourism. The D-Mark was a little weaker overall, suggesting that funds were not moving out of the dollar and into the D-Mark on the scale previously seen when the dollar loses ground. Consequently there was little pressure on the weaker members.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself n basket of European currencies.

TOKYO shares closed mixed in the half-day Saturday session. The Nikkei Dow average advanced 9.44 to 12,590.20 but the broad-based Stock Exchange index fell 0.30 to 999.08. *Leading prices, Page 22*

ARGENTINA has begun cracking down on the black market in the local financial system, as one of the measures aimed at cutting the three-digit inflation rate. Page 2

EGYPT'S Economy Minister Mustapha Said and central bank governor Mohamed Amin Shalaby resigned after a long trial involving illegal foreign currency dealings. Page 2

HONG KONG'S informal banking cartel unexpectedly cut the prime lending rate by half a point to 9½ per cent, to stimulate local loan demand.

BRITAIN'S machine tool industry, one of the worst sufferers in the latest recession, is now fighting to cope with a surge of orders that has taken many companies by surprise. Page 12

HUNT International Resources, owned by the trusts of Nelson Bunker Hunt and W. Herbert Hunt and controller of extensive oil service industry and sugar refining interests, may be forced into reorganisation by bankruptcy proceedings. Page 13

ENERGY Exchange, an Oklahoma energy group, filed for protection under U.S. bankruptcy laws after InterFirst, the Texas bank, called in all of its $21m debts. Page 13

GENERAL Instrument, the U.S. electronics group, said its president of just over a year, Morris Chang, will resign this month – a move connected by Wall Street analysts to the company's recent lacklustre performance. Page 19

FAIRNESS IN Media, the U.S. conservative pressure group, has dropped plans for a proxy fight at the shareholders' annual meeting of CBS, the television network. Page 13

CHINA'S central bank is to raise interest rates and new bank president Chen Muhua said she would tighten banking system controls.

Tokyo clears way for yen-denominated Euroloans

BANK LOANS and bonds denominated in Japanese yen are likely to become more widespread in world capital markets as a result of regulatory changes which take effect today **writes Robert Cottrell in Tokyo.**

Japan's Ministry of Finance will henceforth allow overseas lenders, including branches of Japanese banks, to make medium and long-term yen loans to borrowers other than Japanese residents.

In June 1983, the ministry took the preliminary step of allowing short-term offshore yen loans, of up to one year maturity, and today's moves complete the process of liberalisation necessary for the birth of a fully-fledged Euroyen credit market. Euroyen are yen held outside the domestic Japanese financial system.

The ministry will today end its requirement that withholding tax be paid on Euroyen bonds issued by Japanese companies overseas and bought by foreign investors. Select Japanese companies have in theory been able to issue Euroyen bonds since last April, but none has until now done so, claiming that withholding tax made the process too cumbersome.

In addition, ministry officials today begin reviewing the applications made over the weekend by nine foreign banks to conduct trust banking activities in Tokyo. The ministry plans to issue a maximum of eight trust banking licences to foreigners, and so must remove at least one applicant from a heavyweight list comprising Barclays; Union Bank of Switzerland, Credit Suisse; Bankers Trust; Chemical Bank; Chase Manhattan; Citibank, Manufacturers Hanover; and Morgan Guaranty.

A trust licence is needed in Japan for a bank to manage corporate pension funds. So far, the lucrative field has been restricted to eight Japanese banks, and domestic life insurance companies.

Each of today's measures is a direct consequence of the negotiations between U.S. and Japanese finance officials which culminated a year ago with the publication of the report of the joint Japan-U.S. ad hoc group on yen/dollar exchange rate, financial and capital market issues.

The working party was a high-profile negotiating vehicle thus constituting a public attack by Reagan Administration finance officials on Japanese protectionism.

President Ronald Reagan and Mr Donald Regan, his then Treasury Secretary, apparently believed that a more liberal financial system in Japan, and more widespread use of the yen abroad, would provide business opportunities for U.S. financial services houses in Tokyo, and would help strengthen the yen, thereby diminishing Japan's international trading competitiveness.

In fact the yen has weakened, not strengthened, against the dollar since last April, partly because high U.S. interest rates have attracted a flood of Japanese investment into U.S. government bonds.

Japan's net long-term capital outflow topped $50bn in 1984 and will be higher in 1985, according to a recent paper from Salomon Brothers, the U.S. investment bank.

Japanese finance officials argue that the U.S. Government needs Japanese capital to finance its deficit, and that Japan can only afford to export that capital while it continues to earn large surpluses through trade.

Official U.S. pressure has now virtually ceased to be a factor in Japan's financial liberalisation. American concern about Japan's trade surplus is instead focusing directly on trade in specific goods, such as telecommunications equipment and cars.

The new catalyst for continuing liberalisation has become the jockeying for position between Japan's banking and securities companies; foreign and domestic institutions; and regulatory officials within the ministry and the Bank of Japan.

International credits, Page 13

Enlargement pact clears way for Community reform

BY QUENTIN PEEL IN BRUSSELS

EEC leaders cleared the way for major reforms of the institutions and working of the Community with their weekend deal lifting Greece's veto on the membership terms for Spain and Portugal.

The Ecu 6.6bn ($4.6bn) spending plan for Mediterranean regions accepted by Greece at the Brussels summit means not only endorsement of the enlargement terms for Spanish and Portuguese accession on January 1, 1986, but also that e proper EEC budget can be drawn up this year, and Britain can get its Ecu 1bn cut in budget contributions before December 31.

The next important item on the Community agenda is institutional reform, including the controversial question of national veto rights, scheduled for debate at the June summit meeting in Milan. In the meantime, the Ten this weekend ordered top-level contacts between national capitals to reach the widest possible advance agreement.

The heads of government also gave their blessing to a deadline of 1992 for removal of all remaining barriers to a genuine common market, which would mean the harmonisation of indirect taxation rates, such as Vat and excise duties, and opening up trade in services as well as goods.

Their meeting was extended until late on Saturday afternoon as they sought to reach agreement on the Integrated Mediterranean Programmes (Imps) demanded by Mr Andreas Papandreou, the Greek Prime Minister, as a precondition for his approval of the enlargement terms.

M Jacques Chirac, leader of the largest French opposition party, denounced the terms on which Spain and Portugal had entered the EEC. The neo-Gaullist leader warned that fresh negotiations would be necessary if the opposition came to power next year. Details, Page 2.

The outcome means that Greece will receive about Ecu 2bn in grant aid to develop its backward agricultural areas over the next seven years, with Italy and France receiving similar amounts, largely in the form of loans. An important justification of the package is to enable the Mediterranean areas to cope with the competition resulting from Spanish and Portuguese Community membership.

Compromise was reached with agreement on a ceiling of Ecu 1.6bn on the acutual new money in the package, of which Greece will receive the larger share. That compares with an original proposal by the European Commission last year for Ecu 6.6bn against insistence by both Britain and West Germany that it should be kept to no more than Ecu 1bn.

The rest of the money has been made up from Ecu 2.5bn in loans – mostly for Italy and France – and Ecu 2.5bn from the existing Community structural funds, for regional, social and agricultural investment.

At the heart of the deal is a deliberate vagueness over the nature of the Ecu 2.5bn from the three structural funds, and whether or not it amounts to additional money.

The sum assumes e 5 per cent real annual growth of the funds, but the agreement insists that the Imps should not "adversely affect transfers from these funds to other less prosperous and priority regions of the Community" – e statement inserted at the insistence of Dr Garret FitzGerald, Ireland's Prime Minister.

Agreement was enthusiastically welcomed by the heads of government.

France's President François Mitterrand said: "The last obstacle to enlargement has just been lifted." M Jacques Delors, president of the European Commission, said: "All family quarrels are sorted out."

Mrs Margaret Thatcher, Britain's Prime Minister, chose rather to stress that "the cost to Britain is only £10m a year," while declaring her enthusiasm for the forthcoming accession of Spain and Portugal.

Mr Teodoros Pangolos, the Greek Minister for European Affairs, said the agreement "is not the solution we would have liked, but it is a successful solution." He said it allowed Greece to give approval to the accession of Spain and Portugal, which in itself would "reinforce the front of the Mediterranean countries in the Community."

Both the enlargement agreement and the increase in national budget contributions from the present 1 per cent Vat ceiling to 1.5 per cent have to be ratified by national parliaments.

Editorial comment, Page 10

UK economy 'set for best year in decade'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE BRITISH economy will put on its best performance for more than a decade this year with growth of 4 per cent and moderate inflation, the Confederation of British Industry (CBI), the UK employers' organisation, predicts today.

The CBI's optimism in its post-budget forecast is based partly on some of the most optimistic reports from manufacturing industry since the last recession began.

At the same time, the London Business School is predicting that the measures announced in the UK budget will create some 375,000 new jobs during the life of this Parliament. However, the business school is significantly less sanguine than the CBI about immediate growth prospects.

The CBI's latest monthly survey of 1,780 companies showed the best result for order books since 1979 and indicated that export orders are at their highest for seven years. Replies indicated that for the sixth successive month, companies have become more optimistic about future output.

The survey also suggested some easing of inflationary pressures in March when a balance of 34 per cent of companies expected to increase prices, compared with 39 per cent in the previous three months.

This balance represents the proportion expecting a rise minus the proportion expecting a fall, and has proved quite accurate in predicting inflationary pressure.

In its forecast for the whole economy, the CBI predicts that growth will be led by buoyant exports and a further rapid rise in investment this year, but expects some slowing down in 1986.

About one percentage point of the 4 per cent growth predicted for this year represents recovery from the miners strike. However, even after allowing for this, a 3 per cent growth rate would be good by the standards of recent years, especially in the fifth year of the recovery.

If the CBI's prediction of continued steady growth in 1986 proves correct, the present recovery phase will be set to be the longest since the war, even though unemployment has continued to rise through most of it.

In line with its relatively optimistic growth predictions, the CBI expects 370,000 new jobs to be created in Britain this year, even though manufacturing industry will continue to shed labour. However, because of the growth in the labour force, unemployment is expected to remain at about its present adult level of 3.1m.

The London Business School's Centre for Economic Forecasting takes a significantly more pessimistic view of this year's growth prospects in its latest projections, also out today.

It believes the budget on March 19 significantly tightened monetary policy and that this will lead to higher interest rates and a higher exchange rate than it was previously expecting.

It is, therefore, taking a rather gloomier view of trade performance

Continued on Page 12

Heath attacks low-wage policy, Page 4

Brazil to press for greater flexibility from IMF

By Andrew Whitley in Rio de Janeiro

BRAZIL is to press for greater flexibility from the International Monetary Fund (IMF) when it resumes suspended negotiations in Washington tomorrow. The new civilian government says it will seek a "more viable and more realistic" agreement than those undertaken by its military-led predecessors.

Creditor banks, however, will be relieved to hear that the Tancredo Neves Government does not intend to propose any substantial modifications to the multi-year debt renegotiation already drafted under the former government.

Sr Antonio Carlos Lemgruber, the new central bank governor, is due to meet the 14-member bank advisory committee in New York today for a preliminary presentation of the new government's policy approach and envisaged balance of payments scenario for 1985.

In his first interview since taking office two weeks ago, Sr Lemgruber said his aim was to conclude the unfinished business with the IMF and creditor banks by the end of May. This is the expiry date set by the banks for the temporary extension of existing debt terms agreed with Brazil.

The central bank governor said the only significant question outstanding with the banks was that of monitoring the Brazilian economy after the end of the three-year IMF agreement, in February 1986.

Brazilian officials stress the need to avoid the previous cycle of broken IMF Letters of Intent, saying that, if necessary, they would rather take longer over the negotiations in order to achieve a lasting agreement.

They acknowledge that this could require a further extension by Brazil's 700 creditor banks of the "Phase Two" terms which expired at the end of 1984.

Sr Lemgruber said he was optimistic that Mr Jacques de Larosière, the IMF's Managing Director, would prove more "flexible" with the country's civilian government than he had been with its predecessor. Rigid attitudes and unrealistic targets were unhelpful, he argued.

On the other hand, the central bank governor is expected to reassure Mr de Larosière that Brazil will be following a much stricter monetary control policy, more to the IMF chief's liking, than in the past.

The Brazilian official, a young, monetarist-minded economist, indicated that the 1985 trade surplus target would have to be reduced be-

Continued on Page 12

Reagan in last-ditch attempt to avert trade war with Japan

BY ROBERT COTTRELL IN TOKYO AND NANCY DUNNE IN WASHINGTON

PRESIDENT REAGAN has secretly despatched two emissaries to Tokyo in e last-ditch attempt to head off a trade war with Japan.

Mr Gaston Sigur, a Japanese specialist on the National Security Council, and Mr Lionel Olmer, Under-Secretary of Commerce for international trade administration, held a 90-minute meeting yesterday with Mr Yasuhiro Nakasone, Japan's Prime Minister. They asked him to help in simplifying import procedures for telecommunications equipment and services.

Tensions have been growing in Washington with the approach of today's deadline for the privatisation of Nippon Telegraph and Telephone (NTT). Throughout weeks of talks, the U.S. has apparently unsuccessfully sought to convince Japan to ease access to the new market, believed to be worth as much as $250bn over the next 15 years.

Mr Nakasone expressed sympathy for the idea that Japanese and U.S. experts should convene a working group to review technical requirements, and said that trade friction should not be allowed to damage fundamentally good bilateral relations.

Mr Nakasone earlier appeared on Japanese television to say he would be unveiling on April 9 a package to open the Japanese market to U.S. goods and services.

Japanese cabinet ministers with portfolios related to trade held a special weekend meeting to consider formulating the package to meet U.S. criticism. It is likely to focus on four main items, telecommunications equipment, electronics, forestry and pharmaceuticals.

Japanese officials have been shocked by manifestations of U.S. frustration culminating in last week's unanimous but non-binding U.S. Senate vote in favour of imposing tariffs and quotas on Japanese goods, unless Japan opened its markets to U.S. exporters.

Mr Olmer has on several occasions expressed concern about the lack of progress in the telecommunications talks and last week told Senator John C. Danforth, chairman of the Senate Commerce Committee, that he would work with him in shaping a telecommunications "reciprocity" bill. The Senate is now drafting legislation which would bar Japanese telecommunications products from the U.S. until Tokyo makes real progress in opening its market to others.

In a letter sent by Mr Olmer to Mr Moriya Koyama vice-minister, et the Ministry of Posts and Telecommunications, questions are raised of the U.S. concern with the detailed technical standards Japan wants telecommunications equipment to meet, the need for an independent approval agency, and the possibility that NTT will subsidise new services.

The Administration is said still to believe in Mr Nakasone's sincerity in desiring to liberalise Japan's imports and in his difficulty in getting movement by the antrenched Japanese bureaucracy. But there is little sympathy for the Japanese leader on Capitol Hill.

President Reagan has said he will raise the issue with Mr Nakasone at the Bonn summit, next month. But in the meantime he may not be able to prevent an enraged Congress from passing a veto-proof retaliatory trade measure.

Japan mey this year register the largest current account surplus ever recorded by any country, surpassing the $42bn surplus achieved by Saudi Arabia in 1980. Japan registered a $35bn current account surplus in 1984, including a $37bn bilateral trade surplus with the U.S.

CONTENTS

Cape unrest continues as army sets up roadblocks

By Anthony Robinson in Uitenhage

ACCESS TO the riot-torn townships of the eastern Cape was carefully controlled by combined army and police road blocks yesterday as the funerals of five of the victims of recent violence took place against the background of continuing unrest.

Soldiers armed with machine guns and rifles backed up by armoured cars helped armed police man roadblocks across the motorway leading from Port Elizabeth to the industrial suburbs of Uitenhage.

Similar mixed forces checked the credentials of those entering the black townships of Langa, Kwanobuhle, New Brighton, New Soweto and other townships ringing the industrial plants of the Port Elizabeth area.

The townships appeared calm but tense after a night of violence during which crowds of youths attacked schools with fire bombs and stones in the townships of Cookhouse and Kirkwood and the outskirts of Port Elizabeth. The police replied with rubber bullets and teargas.

At the Catholic mission in Uitenhage, volunteers from the Black Sash Civil Rights movement and young white lawyers acting for the bereaved families, strongly criticised the actions and attitude of the local police.

In evidence given to the commission of inquiry under Justice D. D. Kannemeyer, the police have admitted that the police patrols which fired on the crowd, killing 19 people on the anniversary of the Sharpeville massacre on March 21, were not equipped with standard riot control equipment such as teargas or rubber bullets, but only shotguns and rifles.

The police have also stated that they opened fire on the crowd to stop it spilling over into a nearby white suburb of Uitenhage. But lawyers acting for the bereaved families report that the route taken by the marchers 10 days ago had been followed on several previous occasions without incident.

Franco-Soviet tensions increase

BY DAVID HOUSEGO IN PARIS

FRANCE'S RELATIONS with the Soviet Union have come under fresh strain at a moment when high level economic talks between the two countries are due to open in Paris today.

Mme Edith Cresson, Minister of Industry, said at the weekend that political reasons were to blame for the Russians' failure last year to place as many capital equipment orders with France as with other major Western countries. She said the Russians had ordered only FFr 1.8bn (£154m) of equipment from France as compared with FFr 7bn from West Germany, FFr 5bn from Japan and FFr 3bn from Italy. The purchases from France include FFr 1bn of steel tubes.

At the same time the Russian Embassy in Paris in a strongly worded statement called on the French Government to halt publication in Le Monde of confidential Russian documents showing how the Soviet Union has been benefiting from technological and military secrets gathered by Russian agents in the West.

The embassy called the documents "flagrant disinformation," and a "campaign of slander" inspired by influential circles in France. The documents were leaked to Le Monde and to French television by the French intelligence services.

Le Monde has promised a further instalment for today when the first meeting of the Franco-Soviet economic commission is to be held. Today's instalment, Le Monde has said, will show how Soviet economic ministries detail requests to the KGB and the GRU (military intelligence) of what technical information they want obtained from the West. The documents provided the evidence on which President Mitterrand expelled 47 Soviet diplomats two years ago.

The French intend to press at this week's bilateral meeting for increased Russian purchases to offset the growing deficit in Franco-Soviet trade. The deficit increased from FFr 4.2bn in 1983 to FFr 5.2bn in 1984—though it is still below the FFr 8.4bn of 1982.

The talks have been postponed for some months largely because of French impatience that the Russians have not fully conceded a renegotiation of the volumes and price of gas that France purchases from the Soviet Union as they have done with Italy. Gas and oil imports account for the bulk of French purchases.

After an initial stormy patch in Franco-Soviet relations when President Mitterrand came to power because of his support of the deployment of U.S. intermediate range missiles in Europe, the two countries had seemed anxious to mend fences.

Greek opposition boycotts new president

By Andriana Ierodiaconou in Athens

GREECE'S conservative opposition launched a campaign of non-recognition against the country's new president, Mr Christos Sartzetakis, over the weekend, by boycotting Saturday's swearing-in ceremony in parliament, and calling a protest demonstration in central Athens for next Friday.

The New Democracy party declared Mr Sartzetakis's election to the presidency invalid, as soon as the former Supreme Court judge was voted into office by parliament last Friday, through an informal coalition between the governing Socialists and Communist and independent MPs.

The required majority was narrowly achieved thanks to the vote of the acting president, a Socialist deputy, whose right to cast a ballot was constitutionally dubious.

Since Greece lacks constitutional courts to which the conservatives might have had recourse, they decided on the protest action and hope to exploit the controversial vote to sway public opinion in their favour before the next general election, which must be held before October.

Volcker concerned at volatile $

BY NANCY DUNNE IN WASHINGTON

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve Board, has expressed concern about the volatile dollar and implied additional tools may be needed to achieve exchange rate stability.

Speaking to the American-German biennial conference in Dallas, Texas, at the weekend, he seemed to depart from the Reagan Administration view that studies of the exchange rate system are unnecessary because the dollar will moderate as soon as its trading partners' economies improve.

"Certainly the exchange rate today is too important an economics variable to ignore in our policymaking," he said. Exchange rate volatility should challenge government and central banks to think hard about ways to stabilise the dollar if market forces did not achieve that end.

He criticised the dependence of Europe on American economic growth during the past two years. He pronounced himself to be sceptical of the notion that Europe was so trapped in structural rigidities that it was "doomed" to slow growth.

He implied that some of the European economies might stimulate recovery to cut unemployment.

He warned that the U.S. economic expansion was slowing, partly because of the flood of imports. The trade deficit, which he estimated at about $140bn this year, was creating protectionist pressures which might prove overwhelming unless the U.S. got some help from its trading partners, he said.

● Senator Edward Kennedy, brother of the late President John Kennedy, has indicated he may seek the Democratic presidential nomination in 1988.

EEC SUMMIT

Chirac attacks entry terms

BY OUR PARIS CORRESPONDENT

M JACQUES CHIRAC, the leader of the largest French opposition party, yesterday denounced the terms on which Spain and Portugal have negotiated to join the EEC. He said new negotiations would be necessary if the opposition came to power next year.

The strong statement by the neo-Guallist leader indicates that the government would have a tough time if it sought to get the enlargement terms approved by referendum as President Mitterrand has been contemplating.

The President would like to hold a *referendum* on *Europe* later this year as a way of strengthening his domestic position in the country. His advisers have suggested that a referendum on enlargement alone could be lost.

M Chirac's threat to renegotiate the terms means that the entry of Spain and Portugal will be a factor in next March's Parliamentary elections. The right is expected to get a majority in these with the support of M Jean-Marie Le Pen's extremist National Front. The Front is even more strident against enlargement than M Chirac.

In a speech over the weekend, M Chirac said that if the opposition won in March "it would be appropriate to re-examine the matter

He described the Government's attitude in EEC agricultural negotiations as "a succession of abandonments and surrenders.

"We have lowered our flag before British (budgetary) demands, we have acquiesced in a ceiling on expenditure to the profit of the Germans, we we have accepted an absurd policy of milk quntas. . . ."

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 1st APRIL 1985.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 29th March 1985, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

£250 million 10½ per cent EXCHEQUER STOCK, 1997

£500 million 9½ per cent CONVERSION STOCK, 2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 29th March 1985 as certified by the Government Broker.

In each case, the amount issued on 29th March 1985 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Copies of the prospectus for 10½ per cent Exchequer Stock, 1997 dated 14th October 1977 and of the prospectus dated 13th January 1984 for 10 per cent Treasury Convertible Stock, 1990 (which contained the terms of issue of 9½ per cent Conversion Stock, 2004) may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	Redemption Date	Interest payment dates
10½ per cent Exchequer Stock, 1997	21st February 1997	21st February 21st August
9½ per cent Conversion Stock, 2004	25th October 2004	25th April 25th October

The further tranche of 10½ per cent Exchequer Stock, 1997 will rank for a full six months' interest on 21st August 1985. Dealings in the further tranche of 9½ per cent Conversion Stock, 2004 for settlement prior to 25th April 1985 will, in common with the existing Stock, be effected on an ex-dividend basis.

BANK OF ENGLAND
LONDON

29th March 1985

Technology research plan shelved

By Ivo Dawnay in Brussels

LEADERS OF the EEC have quietly shelved a plan to double funds allocated for technological research, aimed in part at allowing Community co-operation on the controversial U.S. Strategic Defence Initiative (SDI).

A scheme to raise the research funding from 3 per cent budgetary-share to 6 per cent by 1989 was unveiled by M Jacques Delors, the Commission president, on the eve of the Brussels summit. He clearly linked the move to possible collaboration by the Ten on technological research for the space defence umbrella.

But in their final communiqué, the heads of government ignored the proposal.

Adonnino plan to loosen restrictions wins backing

BY PAUL CHEESERIGHT IN BRUSSELS

CITIZENS EUROPE, conceived by a French fireside nine months ago, was born without complication in Brussels during the weekend.

Post-natal care over the coming months by disparate groups of EEC ministers will decide how lusty the infant will be.

European Community leaders have backed the report of a committee, chaired by Sig Pietro Adonnino, that they themselves set up, to bring the heart of the EEC closer to the pulse of its citizens.

They have told ministers to bring to fruition a series of Adonnino proposals, some new, some old, while they await a further report with more suggestions at the Milan summit of June.

On the agenda for decisions are measures:

● To simplify border controls, while recognising that practice at land frontiers requires different treatment than at sea ports and air ports.

● To raise travellers' allowances and lift the tax exemption limit on small postal consignments.

The Adonnino Committee also sought to break through the thicket of national practices which hinder ability of Community citizens to live and work in countries other than those where they were brought up. To this end, it is suggested that there should be:

● Mutual recognition of each other's diplomas and examinations, thus doing away with the painful search for harmonisation;

● A political decision that citizens wanting to live in a country other than their own *should be free* to do so, *provided* they do not "become an unreasonable burden on the public purse in the host country."

Over the next couple of months a new report will be produced for EEC leaders on citizens' rights — voting for example—and student mobility, Community-wide television programmes and sports teams, not to mention EEC emblems.

Malaysian economy grows 7.3%

By Wong Sulong in Kuala Lumpur

MALAYSIA'S economy grew by 7.3 per cent last year, better than the 6.9 per cent growth projected. That compares with 5.9 per cent in 1983, Bank Negara, the central bank said.

The bank, in its annual report, said the growth was largely externally influenced, and could be attributed to three factors: the sharp increase in palm oil prices, and the big increase in production of crude oil and liquid natural gas.

Exports rose by 19 per cent to ringgits 37.9bn ($15.1bn) while imports increased moderately by 3 per cent to ringgits 31.6bn.

Tan Sri Aziz Taha, the bank's governor, said because of the big trade surplus and government cutbacks on spending, the country's balance-of-payments deficit and budget deficit, which had given rise to concern, had "been correcting themselves nicely – in fact much faster than expected."

National external debt borrowings last year fell by 31.4 per cent to ringgits 5.4bn, bringing total debts to ringgits 37bn.

The debt service charges rose by 44 per cent to ringgits 5.3bn or 11.9 per cent of exports compared with 9.7 per cent in the previous year.

Two loans of $1.2bn were taken late last year and early this year, at more favourable terms to repay old loans.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Haughey in call for Ireland conference

BY JOHN HUNT IN LONDON

MR CHARLES HAUGHEY, the Irish opposition leader, yesterday called on the British Government to convene a constitutional conference to prepare structures for a unitary Irish state embracing the whole island.

He dismissed as "futile" the current dialogue between Mrs Margaret Thatcher, the UK Prime Minister and Dr Garret FitzGerald, the Irish Premier.

Mrs Thatcher had another meeting with Dr FitzGerald at the weekend during the European Summit in Brussels. Both sides were eager to dampen speculation about an imminent deal over Northern Ireland.

There were fresh reports in Dublin yesterday, however, that Britain would offer the Irish Government a political structure just short of joint authority over Ulster but giving it something more than a purely consultative status. Mr Haughey dismissed this as "nothing but speculation."

After the Brussels meeting Mrs Thatcher said both sides were determined to continue the process of talks between Dublin and London. She said another Anglo-Irish summit was possible this year but they had not fixed one.

In a joint statement they said they had reviewed progress of the dialogue agreed last year. There was real merit in continuing the process but it was not possible at this stage to predict the outcome.

This latest meeting seems certain to increase the doubts of Ulster

Mr Charles Haughey

Unionists and some Tory MPs who are bitterly opposed to any role for the Dublin Government in the affairs of Northern Ireland.

Mr Haughey, leader of the Fianna [illegible] said yesterday Dublin had to have more [illegible] a consultative role in any new scheme to [illegible] Northern Ireland. It would be a disaster for the Irish to be merely involved in joint London-Dublin security arrangements for the province.

Any suggestion that the Irish should be called in only in a consultative capacity to help Britain administer Northern Ireland was futile.

It would be absurd for Dublin to assume responsibility for a situation over which it had no political or constitutional control.

UN chief sees Saudis in Gulf War peace bid

Sr Javier Perez de Cuellar, UN Secretary-General, had talks with Saudi leaders yesterday on ways of ending the Gulf War. As he did so Iran and Iraq continued to attack each others towns, Reuter reports from Bahrain.

Sr de Cuellar said in Riyadh he was prepared to go to Iran and Iraq but was awaiting a final reply to his offer from the Iranian Government.

He spoke after meeting Prince Saud al-Faisal, the Saudi Foreign Minister, on the first stage of a tour which will include Oman, Bahrain and Qatar.

The vice-chairman of Iraq's ruling Revolutionary Command Council, Izzat Ibrahim, paid a brief visit to Riyadh yesterday for talks with King Fahd. UN sources said he did not meet UN officials.

Iraqi planes attacked five Iranian border towns and a military camp after a big explosion in Baghdad at the time Iran said it fired two missiles into the city.

The blast, in a park on the banks of the Tigris, damaged buildings but apparently caused few casualties.

Iran said it fired missiles into the Iraqi capital in reply to Iraqi raids on residential areas of Iran, the seventh reported Iranian missile attack on Baghdad since March 14.

The Iranians have said they will retaliate for Iraq's attacks on Iranian cities and shipping in the Gulf and its use of chemical weapons. Baghdad denies it has used chemical arms.

Egyptian economic chiefs resign after currency trial

BY OUR CAIRO CORRESPONDENT

THE EGYPTIAN Economy Minister and the governor of the central bank, have resigned, a day after the end of a trial involving 14 bankers and money-changers and two companies accused of illegal dealing in foreign currency.

A committee of economists and other experts is to examine every decision taken by the Economy Ministry from now on and the central bank will be under direct Cabinet supervision, President Hosni Mubarek announced.

Dr Mustapha Said, the Economy Minister, has been under attack from both government and opposition over foreign exchange laws he introduced in January, which aimed to destroy the black market and curtail imports. The court of ethics *judge* who delivered yesterday's verdict said that Dr Said was guilty of a "gross economic blunder" when he ordered the closure of the accounts of 55 blackmarket brokers in August 1983, which led to a sharp rise of the dollar against the Egyptian pound.

The trial followed a 10-month investigation into illegal money transfers and violations of currency laws through dealings with blackmarket money changers.

Dr Said's nephew was convicted of illegal currency dealing at the trial and Dr Said himself was accused by the prosecution of financial irregularities. The judge recommended that the economy of Egypt should be the responsibility of people known for their rectitude." However, the pro-Government magazine October described him as a scapegoat for Egypt's financial difficulties.

Dr Said has been replaced by the deputy chairman of the General Authority for Investment and Free Zones, Sultan Abu Ali, 47, who holds a Harvard university doctorate, and has spent four years as adviser to Mr Mohamed Amin Shaleby, the central bank governor, who also resigned yesterday.

It was not clear why Mr Shelaby, who has been mooted as the next Economy Minister, resigned. Mr Ali Negm, his

Khartoum under heavy guard

Troops guarded key points in Khartoum yesterday and Sudanese officials restricted entry to the city after two days of riots over price increases, Reuter reports from Khartoum.

Doctors at Khartoum's largest hospital, who say they received the bodies of eight people killed in the riots, went on strike yesterday alleging police brutality against demonstrators.

Sudanese officials say the banned Moslem Brotherhood organisation incited job-seekers, many of them from drought-stricken provinces, to riot on Wednesday and Thursday after prices of bread, fuel and other goods rose.

President Jaafar Nimeiri is in Washington, where he is due to meet President Reagan tomorrow to seek aid for Sudan's battered economy.

Peres backs exchange of West Bank land for peace

BY TONY WALKER IN JERUSALEM

MR SHIMON PERES, Israel's Prime Minister, has spoken in favour of exchanging land for peace in the Israeli-occupied West Bank and Gaza Strip and for greater autonomy for Arab residents there.

His remarks, made in the first interview given to an Arabic newspaper published in East Jerusalem by an Israeli Prime Minister, are a sign of Mr Peres's interest in improving the climate for the possible resumption of the Middle East peace process.

They underscored the differences between the partners in Israel's fragile coalition government. The right-wing Likud block is in principle opposed to territorial compromise along the lines advocated by the Labour alignment headed by Mr Peres.

A senior government official said it was "no accident." Mr Peres had chosen an interview with the al Quds newspaper to push the case for a settlement of the Arab-Israeli conflict based on territorial compromise.

Mr Peres said Israel was prepared to discuss with Jordan and "even Palestinians" a settlement of the West Bank question, al Quds reported. Asked what Palestinians would be acceptable, Mr Peres said: "People who represent the inhabitants of this area, who are prepared for negotiations without terrorism. I won't ask any Palestinian what he thinks in his heart, but I will be sure to check whether he's carrying a pistol."

Israeli leaders insist they will not negotiate with representatives of the Palestine Liberation Organisation which has yet explicitly to recognise Israel's right to exist.

A Frenchwoman working for the French Embassy was freed yesterday, the third Westerner to be released in less than a week after a rash of kidnappings of diplomats and journalists here this month, Nora Boustany writes from Beirut.

Mme Danielle Perez, 34, was released unharmed, the French Embassy announced. On Saturday, British businessman, Mr Brian Levick was set free after 15 days in captivity. He was told that he had been held by the Khaibar Brigades, who also claimed to have abducted British scientist Mr Geoffrey Nash, 60, who was returned to his home last Wednesday.

Top Honduran judge arrested

BY TIM COONE IN MANAGUA

THE CONSTITUTIONAL crisis in Honduras, Washington's major ally in Central America, deepened at the weekend when the new head of the Supreme Court, who had been sworn in by the country's national congress on Friday, was arrested.

Sr Ramon Valladores Soto and four judges, also sworn in last week, were charged with treason. The five have the support of the national congress, which dismissed their predecessors earlier last week, accusing them of committing serious abuses of power. These judges were all close allies of Honduran President Roberto Suazo Cordoba.

President Suazo Cordoba has accused the Congress of trying to carry out "a technical coup d'etat." General Walter Lopez, the head of the armed forces, has ordere dthe army to remain on alert, and special anti-riot police are guarding the Supreme Court building in the capital, Tegucigalpa.

The Congress is to hold an emergency debate today to discuss the arrest of Sr Soto. The other four judges have apparently gone into hiding.

The constitutional crisis centres on a power struggle within the ruling Liberal Party for the party's nomination of its candidate for the presidential elections in November. Sr Efraim Bu Giron, president of the Congress is one of the main challengers to President Suazo Cordoba's own choice as his successor.

The opposition bloc in Congress has written to General Lopez, explaining its decision to challenge President Suazo Cordoba and appealing for his support. The armed forces are supporting the official government, however.

President Suazo Cordoba came to power in 1982, after a transfer of power from the military which had effectively ruled the country since a coup d'etat in 1972. There are now fears in some quarters that the military may again assume direct control of the Government.

Chile sets up inquiry into wave of kidnappings

BY MARY HELEN SPOONER IN SANTIAGO

THE CHILEAN authorities have announced the appointment of a special prosecutor to investigate a series of kidnappings and murders in Santiago last week saying there may be an attempt to discredit the regime of Gen Augusto Pinochet.

The bodies of three opponents of the regime, bearing deep knife slashes in the throat, were found along an isolated road outside Santiago on Saturday. The victims, a schoolteacher, a member of the Catholic Church human rights department, and a painter, were kidnapped at gunpoint by armed man in civilian dress last week.

The first victim, Chilean artist Santiago Nattino, had been abducted on Thursday night, along with four members of a dissident teachers' organisation, who were later released.

The next morning armed men arrived at a school in the capital's affluent Providencia district and accosted Manuel Guerrero, president of the teachers' organisation, and Jose Parado, of the Catholic Church's human rights legal department. Another teacher was shot in the stomach when he attempted to prevent the kidnapping.

Argentine clampdown

THE ARGENTINE Government has begun a crackdown on black marketeering in the local financial system as part of a package of measures aimed at reducing [illegible] country's record three digit [illegible] rate, writes Jimmy [illegible] the coun[illegible] Aires. inflation r[illegible] control is Burns in Bue[illegible] throughout

Strict official [illegible] "city" expected to spread [illegible] by the highly over-banked [illegible] and this week following a sw[illegible] Central Bank inspectors [illegible] police on exchange houses a[illegible] other financial institutions o[illegible] Friday afternoon—the first such operation to be seen here since democracy was restored in December 1983.

Sr Juan Sourrouille, the new Economy Minister, said a speculative financial system dealing in black market foreign exchange and inter-company cross lending outside the official circuit, had been fuelling the country's inflation of close to 800 per cent a year.

The gap between the official and black market rate on local exchange markets had increased 35 per cent in recent weeks, while inter-company lending had undermined the Central Bank's [illegible]onetary policy by accounting [illegible] estimated 30 per cent of [illegible] loans. [illegible] for an [illegible] all domes[illegible]

El Salvador election violence

By David Gardner

THE Salvadorean army launched a security operation over the weekend to safeguard polling yesterday in elections for a new National Assembly, amid an upsurge of violence which it was feared colud spill into big towns and the capital, San Salvador.

In two eve-of-vote incidents six people died and five were injured when their bus hit a mine, said by the army to have been placed by left-wing insurgents, and a further two were killed by rebel machine-gun fire.

Voting yesterday morning in the capital was heavy, with long queues outside most polling booths, but a high rate of abstention was expected. No arrangements had been made for the up to half a milion internal refugees to vote except in the home towns they fled and the rebel faction in the east of the country has declared all transport a military target. There is also widespread political disillusion.

President Jose Napoleon Duarte's ruling Christmian Democrats said yesterday they expected a minimum of 28-29 seats in the 60-seat National Assembly, while the far right, in a coalition led by Major Roberto D'Aubuisson's neo-Fascist Arena party, expected to consolidate the right's majority in the Assembly with 33 to 36 seats.

Talbot and Iran in £130m car kits for oil agreement

BY TERRY POVEY

IRAN and Talbot Motor Company of the UK have finalised months of negotiations over a £130m oil for knock-down car kits contract. The complex deal will enable Britain's largest overseas car exports contract to resume and should give a sizeable boost to British sales to Iran, which were a healthy £703m in 1984.

Shortage of foreign exchange and uncertainty over oil revenues has forced Iran to initiate barter and counter trade arrangements with many of its regular suppliers. While simple in principle, such deals involve negotiations with many parties inside the Islamic Republic and, as Talbot has found, with officials who are often at loggerheads with each other.

The result for Talbot was "long and difficult negotiations" which were finally concluded by a series of overlapping contracts and agreements. The most important of these are: the contracts between the UK company to supply kits and spares to Iran Khodro, the assembler in Tehran; an oil contract between Krup Oil of West Germany and the *National Iranian Oil Company* (NIOC), the majority of the revenues from which will be placed in a special bank account; and a contract between Talbot, Iran Khodro and *Krupp* Oil over how the expenses of the arrangements will be covered.

Krupp Oil, replaced Shell as the oil trading partner in when the Anglo-Dutch company dropped out after earlier talks failed to produce an agreement to its liking. It has two firm lifting commitments for oil in the next month from NIOC. It will pay the official price of $27.70 (£24) average per barrel and these two shipments will be enough for about half a year's supply of kits.

There will, however, be many expenses. The most important of these are on Krupp's side as it will be selling the oil at a loss of at least 60 cents a barrel on the spot market and will want to make some profit from the arrangement for itself. Talbot has had to agree to bear a significant part of these costs. In addition there are banking costs.

The trigger that will set the deal in motion is, however, still awaited. Talbot has yet to receive valid letters of credit.

These are expected to arrive this week. Once they are received Talbot will instruct Krupp to lift the oil. Only then will the cash and kits start to flow.

Japanese stake in U.S. manufacturing sets record

BY ROBERT COTTRELL IN TOKYO

A RECORD number of Japanese corporations participated in the establishment or purchase of U.S. manufacturing affiliates in 1984, according to a survey by the Government-affiliated Japan Economic Institute.

The Washington-based JEI said the increase meant that, at year-end 1984, Japanese corporations controlled 342 U.S. manufacturing companies, and held equity stakes of 10 to 50 per cent in a further 28.

The JEI said Japan's stake in U.S. manufacturing was valued by the U.S. Department of Commerce at $1.7bn at year-end 1983, before these latest additions.

Of the 47 major corporate investments in 1984, 39 involved the Japanese company taking a majority stake, while in eight cases the stake was of 10 to 50 per cent.

For the 39 controlling stakeholders, said JEI, "new plant construction remained the preferred investment route ... outnumbering acquisitions by a wide four-to-one margin. Newcomers, especially small and medium Japanese producers, almost uniformly decided to start from the ground up."

The year's largest Japanese investment was, however, an exception to this trend. Nippon Kokan KK, Japan's second-largest steel-maker, paid $292m for a 50 per cent stake in National Steel Corporation.

Japan's other major U.S. manufacturing investments include Honda of America's Manufacturing's Ohio car plant, which reached full production in May 1984, and is doubling capacity to 300,000 units yearly.

Nissan recei[illegible] first car from its new [illegible] plant, while a joint venture in California between Toyota and General Motors is due to be fully in operation next year.

JEI estimates these plants will, when completed, employ some 8,000 between them.

● Canada has allowed curbs on Japanese car imports to lapse pending the outcome of talks between the two countries to maintain, in the Canadian Government's words, "a stable market environment," writes Bernard Simon in Toronto.

While confirming that the restraints introduced in April, 1981 would not be renewed after their expiry yesterday, Mr Sinclair Stevens, Industry Minister, said the Canadian Government expects Japanese car makers not to take advantage by increasing their market share.

World Economic Indicators

TRADE STATISTICS

		Feb. '85	Jan. '85	Dec. '84	Feb. '84
UK £bn	Exports	6.897	6.541	6.596	5.949
	Imports	7.167	6.616	6.940	5.487
	Balance	−0.270	−0.076	−0.344	+0.473
		Jan. '85	Dec. '84	Nov. '84	Jan. '84
U.S. $bn	Exports	19.401	19.142	18.395	17.889
	Imports	28.297	25.933	27.331	26.205
	Balance	−8.896	−6.791	−8.936	−8.316
France FFrbn	Exports	68.800	75.070	74.560	68.870
	Imports	72.700	75.730	73.750	74.340
	Balance	−3.900	−0.660	+0.810	−5.470
		Dec. '84	Nov. '84	Oct. '84	Dec. '83
W. Germany DMbn	Exports	44.42	43.50	43.39	38.33
	Imports	38.35	37.09	36.56	35.56
	Balance	+6.07	+6.41	+6.83	+2.77
Japan $bn	Exports	15.936	13.982	14.922	15.244
	Imports	11.305	10.865	11.324	12.360
	Balance	+4.631	+3.117	+3.598	+2.884

A. H. Hermann, reports on efforts to find a common policy on patents, trademarks and copyright

EEC battles for unity on intellectual property rights

CAN THERE *be a real common* market as long as patents, trademarks and copyright are based on national laws and lead to individual monopoly rights separate for each national territory?

The European Commission *has battled for years for the* unification of these intellectual property rights, arguing that their use compartmentalises the common market and contribtues higher price levels in some member states. The Commission also argues that it is not enough just to remove this negative effect but that it is necessary to establish truly common patents and trademarks extending over the entire territory of the Community. The Commission succeeded in substantially eliminating the restrictive effect of patents and trademarks by 1982. *In the* course of the past year considerable progress has been made towards an agreement on a Community patent and a Community trademark.

The Commission's efforts to remove intellectual property barriers to trade has been highlighted by a series of defeats suffered in the European Court by most of the big names in the pharmaceutical industry. Winthrop, Sterling Drug, Hoffman-La Roche, American Home Products, Pfizer and Hoechst, one after the other, were told with increasing emphasis that once they put their product on the market in one member state they must not stop "parallel" importers; that is importers not authorised by them, buying such products wherever they were cheaper and importing them irrespective of whether separate patent or trademark rights were held by the manufacturer or his distributor in the country of importation.

The European Court developed a doctrine according to which intellectual property rights may not be used in a way infringing the principle of free movement of goods or the competition rules of the Community. Under certain conditions the parallel importers may not only import from a cheaper market but also repackage the branded product and, in the case of multi-brand products change the brand to that used by the manufacturer in the country of importation.

But on the other front, aiming at the unification of intellectual property rights throughout the common market, progress has been slower.

The first achievement was the 1973 European Patent Convention and the establishment of the European Patent Office in Munich. The "European patent" administered by the Office is a misnomer. All the Munich office can do is process a single application which results in a batch of national patents, each subject to the appropriate national law

However, even this *modest* achievement provides a useful service to industry.

In the first place it enables inventors to obtain several patents without the need of multilingual translations. The Munich procedure, thought to be expensive at the start, offers now better value because the European Patent Office fees have risen only by 20-25 per cent—substantially slower than the fees of national patent offices. As a result, the number of applications examined by the UK Patent Office diminished from 35,000-40,000 a year to some 18,000-20,000, while the number of applications processed in Munich has now reached 35,000 a year.

The *real* ambition of the Commission, however, is a Community patent which would have validity throughout the Ten. For this purpose it proposed that a single Community patent be made available on the basis of a Convention, the text of which was adopted at a diplomatic conference almost ten years ago. The diplomats reached agreement relatively quickly, but when it came to ratification, the Convention had such a rough sailing that it seemed it would never come to port.

One of the greatest difficulties was the provision which would leave it to national courts to deal with infringement actions while the European Patent Office would decide whenever validity of the patent was contested. All familiar with patent litigation know that these two issues are always linked: when the patent-holder brings an infringement action the defendant attacks the validity of the patent. The UK, together with some other countries, opposed the artificial division of these two issues.

In the past year progress has been made on this front. With the exception of Denmark and Ireland, who have constitutional problems, all member states accepted that a protocol on litigation appended to the Convention should enable national courts to decide both on infringement and on validity.

In order to assure uniformity of judge-made law throughout the Community a special Community Patent Court should be established to which it would be possible to appeal from national courts on issues of validity, though on the assessment of damages and royalties the national courts would have the last word. There is some hope now that the draft protocol on litigation could be soon confirmed by a diplomatic conference.

While the Community patent could probably bring great benefits to member states, and to the UK in particular, the EEC project of a Community trademark is more questionable.

After six years, the project reached the Council of Ministers in 1982. The prospect that it would lead to the establishment of a Community trademark office in London warmed the hearts of London patent agents, and the project gained wholehearted support from the Greater London Council. However, it had many flaws. Based on the UK examination system rather than on the French registration system, it threatens to lead to arbitrary, costly and time-consuming examinations. While it is difficult to find an acceptable trademark within one language area, the task will be many times more difficult if the trademark has to satisfy the requirements of a multilingual Community and its different cultural environments.

While these objections have not yet been removed, a new draft produced by the Commission last summer at least protects the common law trademark rights directed against passing off one product for another. This revised draft regulation, as well as a revised directive on the harmonisation of trademark law, is likely to be considered by the Council before the end of this year, so that the Community trademark could appear side-by-side with national trademarks by 1987.

This is the sixth in a series on European market liberalisation. The previous articles appeared on February 14, February 21, March 6, March 13 and March 22.

Swedish pulp producers accept fines

By Kevin Done, Nordic Correspondent, in Stockholm

NINE SWEDISH forest products groups have agreed to pay fines imposed by the European Commission for contravention of EEC competition rules and have decided not to appeal.

The groups, including Stora Kopparberg, Svenska Cellulosa, MoDo, Södra Skogsägarna and NCB, were accused along with forest groups from North America, Southern Europe and other parts of Scandinavia of operating a pulp price cartel.

The Commission believed that the producers' system of always quoting their prices in dollars risked the setting up of price conspiracies.

Mr Bo Wergens, director of the Swedish pulp and paper association, said the companies did not accept that they were in breach of EEC rules on free competition.

They had accepted the fines, however, partly because of the otherwise "good relations the industry enjoys with the EEC Commission" and also because the fines imposed were relatively low.

The Commission began investigating the pulp producers' methods of fixing prices in 1981 and finally last December imposed fines of SKr 6.4m (£590,000) on Swedish pulp groups out of total fines aginst international pulp producers of SKr 76m.

The fines imposed on the Swedish and Finnish companies were relatively mild compared with the penalties imposed on North American pulp groups because of undertakings given to change pricing practices.

The Scandinavian producers have given in to pressure from the Commission to stop quoting prices in dollars, and since late last year most European pulp sales have ben transacted in local European currencies either of the buyer or seller.

Pulp prices have in any case been weakening since the last quarter of 1984 because of the emergence of over-capacity on the world market despite the strength of the U.S. dollar.

Ericsson in link-up with Matsushita

By David Brown in Stockholm

ERICSSON Information Systems, a subsidiary of the Ericsson Group of Sweden which plunged into losses last year following component shortages and late deliveries, has announced that its new IBM-compatible portable computer will be produced by Matsushita of Japan.

Mr Jan Rudberg, the managing director, said Ericsson lacked the capacity to produce the computer in time for a launch in Europe this summer.

The 7.5 kilogram unit, said to be as *powerful* as standard desk-top machines, has an 11-inch plasma screen developed in Sweden which the company says is easier to read. The portable will be priced at about SKr 35,000 (£3,225).

Ericsson *also* introduced a new line of Alfaskop 91 data terminals yesterday.

Ericsson Information Systems is considered the group's most strategically important division in its attempt to broaden its base away from public telecommunications.

SHIPPING REPORT

HK company abandons ships

A SLIGHT flurry of activity ended an otherwise lethargic week in tanker and dry cargo markets, writes Andrew Fisher, Shipping Correspondent. The news that Jardine Matheson of Hong Kong is making an exit from shipping meant the addition of yet another well-known name to the recent list of companies which have found it an unrewarding sector.

In the Gulf rates were quiet, especially for VLCCs (very large crude carriers). Galbraith's, the London shipbrokers, reported no change in rates of around Worldscale 23.5 *from* the *Gulf* to Japan for 220,000-ton cargoes.

Kharg Island, the key Iranian terminal, remains a risky loading choice for big tankers but high rates from there reflect the risks.

Galbraith's thought there should be no problem in finding tonnage at the high *level* of Worldscale 45 or so. Other reports suggested there had been a European fixing of a 280,000-ton cargo to the Red Sea at Worldscale 60.

In dry cargo markets, the Soviet Union was thought to be active again, with rumours of vessels being fixed to carry grain.

Grain rates to Japan moved up towards the end of the week by 50 cents per ton to $16.25 for just over 50,000 tons from the U.S. Gulf. India was also in the market for fertilisers.

Liat places £10m order for two BAe Super 748s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LEEWARD Islands Air Transport (Liat), which was at the centre of a major row late last year over its desire to buy British rather than Franco-Italian airliners, has placed another £10m order with British Aerospace for two BAe Super 748 twin-turbo-prop aircraft, writes Michael Donne, Aerospace Correspondent.

These will supplement the three Super 748s ordered by Liat last year, when the Caribbean Development Bank and the UK Government raised the cash for it to buy the Super 748s instead of the Franco-Italian ATR-42 turbo-prop airliners that the EEC wanted it to buy.

Liat has been a user of British aircraft for many years.

The finance for the latest £10m deal has also been provided by the UK Government. The aircraft are due for delivery in April and June.

UK NEWS

Shortage of cash may force NCB to sidestep pit review

BY JOHN LLOYD, INDUSTRIAL EDITOR

SHORTAGE of cash has been the primary reason behind the National Coal Board's statement, issued late last week, thst it will follow a "post-strike strategy" in which it may close seriously damaged pits without referring them to the colliery review procedure.

Mr Peter Walker, Energy Secretary, has told the board that little more cash than that already allocated to it will be available to assist in repairing the extensive damage done to tha pits and other installations in the course of the dispute. Much of that damage was geological, but some was deliberate.

Because of this, the board has been forced to decide to close down pits where the cost of repairing the damage will outweigh the foreseeable benefits of its continued working. These pits, it said, will not be put through a review procedure.

This explanation has satisfied leaders of the British Association of Colliery Management, the smallest of the three mining unions and a critic in the past of the board's strategy. However, it has greatly alarmed leaders of the pit deputies' union, Nacods, whose executive meets in Doncaster today to consider calls for a national strike ballot among its 16,000 members.

The signs are that the executive members will be divided over what course to take. They are agreed in condemning the board for the closure of the Frances and Bedwas pits in Wales without going through the review procedure – in apparent breach of the agreement signed between the board and Nacods last October. They are also furious over the NCB's statement that it will now pursue its post-strike strategy.

Mr Walker has privately insisted over the past three weeks that the agreement remains sacrosanct because it has the explicit backing of himself and the Prime Minister. The deputies' leaders, however, strongly believe that tha board intends to either ignore the agreement, or provoke the unions into a strike in order to be able to tear it up.

The South Wales, Scottish, Durham and Kent areas will all press for a ballot vote on strike action – but other area leaders may counsel caution. Mr Ken Sampey, the Nacods president and Mr Peter McNestry, the general secretary, are both reluctant to be pushed into industrial action on the board's terms – and also believe such action would gravely damage an industry already weakened by the strike.

● Mr Ned Smith, the former industrial relations director of the NCB who retired in January, has criticised his former colleagues for bowing to government pressure.

Writing in the magazine "Personnel Management," he says that in tha early months of the strike, the Government supported the NCB's attempts to get e negotiated settlement.

"In the last two or three months of the dispute, however, there was a dramatic change. Government spokesmen started publicly prescribing what management negotiators could or could not do: indeed, what they would or would not do. The circumstances in which negotiations could be undertaken were publicly prescribed by agencies other than the negotiators.

"Personnel managers must have been intrigued – to say the least – by the advice that to be a good negotiator you must have written down on paper an agreed solution to the problem before the negotiating meeting had been arranged."

Kinnock rules out coalition with SDP

By John Hunt

MR NEIL KINNOCK, the Labour leader, yesterday ruled out a coalition with the Social Democratic Party (SDP)/Liberal Alliance if Labour was returned to power. He seemed to be keeping the door open for a separate deal with the Liberals, however.

Interviewed on independent television he said it was not in his nature to do deals. If there was a Labour Government without an overall majority and the Alliance wrecked its programme in parliament then he would be prepared to go to the country in a second general election.

"We will give strong government and the people who would seek to sabotage that would have to face the electorate," he said.

He ruled out a coalition with the Alliance and said the SDP were the people who had betrayed the Labour Party.

The Liberals, however, had a degree of radicalism and integrity and there was a better possibility of a working relationship of some kind with them.

Mr Kinnock said he was absolutely confident that Labour would win the next general election and his assessment of the party's performance was "Going nicely; shows promise but has a strong feeling that everything could be done better."

Mr Kinnock said he was in favour of the abolition of the House of Lords and the party was committed to that. He did not want a big constitutional measure taking up e lot of time, however, so abolition would not be put forward in the first five years of a Labour Government.

A Labour Government would, he said, get rid of the "whole library of laws" which the Conservatives had introduced for the trade unions.

He thought U.S. nuclear bases and missiles could be removed from Britain within a year of a Labour Government taking office.

Labour would, he said, renationalise British Telecom by a single act taking it back into government ownership 100 per cent or by some sort of accommodation.

CIVIL SERVICE ROW GROWS OVER £95,000-A-YEAR APPOINTMENT

Clamp on Whitehall secondments

BY SUE CAMERON

GOVERNMENT departments have been ordered to stop all outside secondments into Whitehall until further notice. The move follows a row over the appointment of Mr Peter Levene, former chairman of the United Scientific Holdings arms company, to a senior post in the Ministry of Defence at a salary of £95,000 a year.

Whitehall's most senior officials have also ordered a total information clampdown on the legal issue that has forced them to review the rules governing secondments.

The hurried decision to suspend all planned secondments into the Civil Service is likely to intensify the storm that has been rumbling round the corridors of both Whitehall and Westminster since Mr Levene's appointment was announced at the end of last year. It may also give rise to strong suspicion that the main attack against Mr Levene is being mounted from within Whitehall itself.

Mr Levene, whose £95,000-a-year pay deal has given rise to considerable resentment among some senior officials, was to have gone to his new post as head of the Ministry of Defence Procurement Executive on secondment. Previously, government ministers and officials have always believed that secondments into Whitehall were not subject to the normal rules governing Civil Service appointments and did not need to be referred to the Civil Service Commissioners.

Two weeks ago, however, Mrs Margaret Thatcher, tha Prime Minister, was forced to admit to the House of Commons in a written answer that the Government had been misinterpreting its own rules. Whitehall legal advisers had suddenly discovered that secondments were, after all, subject to the same regulations as other Civil Service appointments – regulations laid down in a 1982 Order in Council.

Other arrangements had therefore been made to put Mr Levene's appointment into effect. Mrs Thatcher said that the arrangements would be "very difficult, if not impossible, to undo."

Whitehall's Management and Personnel Office said at the weekend that it did not yet know how many people might be affected by the temporary ban on incoming secondments to the Civil Service. Letters had gone out to all departments informing them of the decision to halt secondments but they had not had enough time to respond.

Just over 100 people were seconded into Whitehall from outside organisations in 1983 – the last year for which figures are available. Such secondments are always for periods for less than five years – often for only two or three years – and the understanding is the secondees will return to their own companies at the end of their postings.

People already in Whitehall on secondment will not be affected by the current ban. Nor will regular civil servants being seconded out of Whitehall – 189 of them in 1983. Until now, there have been three ways of gaining entry to Whitehall:

● *People could go in on secondment.*

● They could be given a certificate of qualification by the Civil Service Commissioners – which is what happens with the vast majority of civil servants. The keypoint about such certificates is that they can only be granted where appointments have been open to free and fair competition.

In practice, that rule applies to people rather than to posts. Anyone can apply to join the Civil Service and candidates for the higher administrative grades undergo an extremely competitive selection procedure – but once inside Whitehall they are allocated to specific jobs. Senior posts are certainly not advertised publicly and new entrants to the Civil Service cannot even insist on going to one government department rether than to another.

● Most people are legally barred from becoming civil servants unless they beve certificates of qualification – but there are a few exemptions from the rules. The exemptions – laid down in the 1982 Order in Council – include jobs involving less then 18 hours' work a week; those that last for less than a year, plus various specific categories of employment including some gymnasts and deer stalkers.

Despite the Prime Minister's mysterious reference to the "orrangements" for Mr Levene, his appointment seems to fit neatly into *one of the exemption categories.*

The Order in Council lays down thet someone can go into Whitehall without a certificate of qualification when "... the total period of continuous service of the person appointed does not exceed five years and it has been proved to the satisfaction of the Commissioners that it is desirable that such a person be appointed without the issue of a certificate of qualification."

That exemption from the need for a certificate seems straightforward enough and it would appear that difficulties would only arise if the Civil Service Commissioners themselves decided that a particular appointment was not "desirable".

The Management and Personnel Office is adamently refusing to comment on reports that Mr Dennis Trevelyn, the First Commissioner, threatened to resign over the Levene appointment. But Whitehall's tight-lipped stance will only fuel speculation that tha whole row over Mr Levene's terms of employment has been engineered

Some sectors of Whitehall believe the Civil Service is already seriously demoralised – chiefly by a feeling that the present Government does not value it highly. Now it would appear that Whitehall may be hitting back.

Rates reform plans 'ready by summer'

By John Hunt and Robin Pauley

THE GOVERNMENT hopes to have proposals for rate reform ready for consideration by the Cabinet by the summer as a result of yesterday's meeting of ministers at Chequers. They discussed the subject for five hours.

There is the possibility of a White Paper (policy document) in the next session of parliament but that is not certain. It was emphasised that legislation might still be a long way off.

A communiqué issued after the meeting, which was chaired by the Prime Minister, said that progress had been made but there was much further work to be done over the next few months.

That would include consultation with ministers not at the meeting and with outside bodies. Yet another Green Paper (discussion document) is ruled out.

Qualified approval for breakaway mines

BY OUR INDUSTRIAL STAFF

THE National Coal Board's north eastern area has given qualified approval to tha formation in Durham of an independent miners' union, to be called the Colliery Trade and Allied Workers' Association.

The association, based on members of the Durham Mechanics section who were expelled for crossing picket lines during the strike, claims to have some 2,000 members in the area – half of them former members of the Mechanics, the other half members of the Durham area of the National Union of Mineworkers (NUM).

The area board said yesterday that "they certainly have a right to be heard, although we cannot yet grant them negotiating rights." If, however, they proved they were representative of a significant number of the area's miners, then recognition for bargaining purposes might follow.

It would be the first time since nationalisation in 1947 that the board had recognised other than approved unions for bargaining purposes. The Coal Industry Act specifies that the board must recognise the representatives of its workmen – but does not lay down which unions they should be members of, or how they are elected.

The new association has had close contact with the Nottinghamshire area, which – together with other areas such as Leicester, South Derbyshire and most recently the white-collar section Cosa – has formed a new "democratic section," but within the NUM.

Mr Alan Bellenie, one of the founders of the association, said last night that those mechanics and others who had been dismissed from the NUM had to get together to provide their own representatives. "We are being supported by many others who believe in what we are doing."

Heath hits at low-wage policies

BY JOHN HUNT

ANOTHER STRONG attack on the Government's economic policies was made yesterday by Mr Edward Heath, the former Conservative Prime Minister, with the claim that "crude monetarism is dead and buried."

Speaking to the annual conference of the Tory Reform Group in Oxford, be said that the new government orthodoxy was that jobs would automatically be created if only inflation were kept down. But that belief had to be tackled before it did more damage to the economy.

Inflation had come down, but where was the increased demand and where were the jobs to reduce long-term unemployment?

What was lacking was effective real demand. Even the Chancellor of the Exchequer seemed to have lost belief in the effectiveness of supply-side measures.

"It is real demand that puts people back to work, not money demand," said Mr Heath. "And real demand is what we need."

Mr Heath introduced a new theme into his arguments by strongly criticising the Government's emphasis on the need for lower wage increases.

"The concept of people forced into low wages I find wholly unappealing," be said.

He was a supporter of labour market reform and moderation in wage settlements but he could not accept these tired old arguments from the 1920s and 30s.

"I saw the damage they did then and I will not embrace them willingly now," he declared. "Let me say clearly and unmistakably – they are Luddite arguments."

The Government claimed investment was at an all-time record, yet in the crucial manufacturing sector it was still below the 1978 level. "We were told that we were in the fifth year of sustained growth, but this upturn was from the lowest level since the 1930s."

He called for a consensus in British society and a move away from the old industrial battle-lines. He favoured an extension of share ownership and industrial democracy.

Mr Heath called on the Government to take Britain into the European Monetary System

NGA deadline for pay rise

By David Goodhart, Labour Staff

THE National Graphical Association has raised the stakes in arguments over the introduction of new technology into the provincial press by threatening to go into dispute with about 70 of the 220 members of the Newspaper Society.

The union has written to individual newspaper managements saying that unless the terms of its claim for a 12.5 per cent pay rise is met in full by April 9 it members will be officially in dispute.

April 9 has been chosen because it is the day the Wolverhampton Express and Star is due to start operating full editorial direct-input, despite the fact that most NGA members there have been suspended

UK NEWS

BBC 'must be allowed fully to compete'

By Raymond Snoddy

IF THE Government decides that the BBC should take advertising, then the corporation should be allowed to become fully competitive and "do the job properly," Mr Stuart Young, chairman of the BBC, said yesterday. He was speaking publicly for the first time since the decisioo to set up the Peacock Committee to investigate alternative ways of funding the BBC.

Mr Young said he believed thet advertising on the BBC would be wrong oot just for the corporation but for all of British broadcasting. "But if the Peacock Committee in its wisdom after 15 months of deliberation should decide 1 am wrong; that the BBC's thinking is wrong, and that advertising should be taken on the BBC – so be it," Mr Young said in an interview on independent television.

If the BBC was required to take advertising, "then I think we should be in advertising properly and fully and competitively. And I can assure you that if that happened, the BBC management is very efficient and they would do the job successfully," he said.

Mr Young welcomed the fact that the Peacock Committee would have 15 months to bring evidence from around the world. The whole ecology of British broadcasting might have beeo altered by a hasty act.

He also spoke of how Mr Leon Brittan, the Home Secretary, informed him that the BBC claim for a £65 colour licence fee was not going to be met.

"The Home Secretary said to me 'I cannot give you the £5.70 you bave asked for for enhancement and development. And I think you ought to take £1.30 out of your current expenditure in order to trim back'."

The £58 licence fee means that £85m will have to be cut from existing BBC budget and cuts are likely.

"I would have been so pleased if this time we could have been given a little bit more money in order to show the Peacock Committee public service broadcasting at its very best," Mr Young said.

Motorway widening schemes boost spending to £140m

BY SUE CAMERON

THE GOVERNMENT is to spend £140m repairing and improving England's motorways over the coming year, Mrs Lynda Chalker, Minister of State for Transport, has announced. Last year £100m was spent on motorway maintenance and improvement.

Mrs Chalker told a press conference thet the planned widening of the M5 and M4 motorways – which run respectively from Exeter to Birmingham and from Swansea to London – was one of the main reasons for the increased cost.

The £140m will cover the cost of work on about 80 miles of English motorway – roughly 5 per cent of Britain's total 1,600 miles of motorway. Major works will include renewal of sections of the M1, which runs from London to Leeds, and the strengthening of the Severn Bridge.

The Department of Transport's announcement of its £140m budget was accompanied by the publication of a leaflet on motorways for drivers. More than 1m copies of the leaflet have been printed and these are to be distributed through motoring organisations and motorway service stations.

The leaflet contains various statistics – including the fact that the department plants 1m trees a year alongside motorways and trunk roads – plus tips on safe driving and the telephone numbers for British Telecom's Traveline service, which gives advance information on road conditions.

The leaflet also attempts to answer some of the questions most commonly asked by irate motorway drivers. It says, for example, that repair work has to be done in the summer months when everyone is travelling because materials cannot be laid in cold weather without a "high risk of failure."

It adds that noise, which is likely to disturb local residents, is one reason why maintenance work cannot always be done at night – although night working is encouraged wherever possible.

The justification for the oumerous traffic jams caused when part of a motorway is coned off – even though there is not a workman in sight – might, the leaflet says, be due to a number of reasons.

"Concrete may be setting; it could be a safety margin for workmen due shortly; work is started but suspended because heavy rain is expected which would fill excavated holes with water; or the temperature is too low for laying asphalt."

Ice cream sales set fresh record

Financial Times Reporter

SALES of ice cream in the UK were a record £434m last year, 8 per cent higher than the year before, says leading manufacturer Lyons Maid. Although summer temperatures last year were lower than in 1983, volume sales were higher for the third year running.

The Lyons Maid survey suggests that the chief reason for the underlying growth in the market is the increase in home ownership of freezers. Purchase of fridge-freezers went up by 5 per cent last year, and of freezers proper by 14 per cent.

As a result, 62 per cent of British households own a freezer, against 59 per cent last year and 23 per cent 10 years ago.

Volume sales of ice cream, at 345m litres, were 4 per cent ahead of 1983. That put average consumptioo at 6.2 litres e head, or about 90 ice creams a year.

Surprisingly, the report notes that Sweden, with its colder climate, consumes more than twice as much ice cream a head as Britain, while Italy consumes marginally less. The conclusioo is that consumption varies with spending power rather than with climate.

Lancia dealer concern

By Kenneth Gooding, Motor Industry Correspondent

RETRENCHMENT by the Heron Corporation's beleaguered Lancia car import company, Lancar, which will be taken a step further today, is causing concern among some Lancia dealers.

Lancar has closed its two-year-old headquarters at Ashford in Kent, to move in with another group of Heron companies at Crawley, Sussex.

The Lancia operations have been combined with those of Suzuki GB (Cars), the Heron subsidiary that imports cars from Japan, and will be under the control of Mr John Norman, whose role as managing director of Suzuki is being extended.

The cost-cutting exercise has upset some dealers who are conscious of Mr Norman's reputation for running the Suzuki car business successfully on a very tight budget.

Growing rumours that Lancia's parent company, Fiat, will take back the franchise before its contract with Heron comes to an end in 1987 seem very wide of the mark.

"Fiat fully understands why we are making the changes and is standing behind us," Mr Norman maintains.

"We want Lancia to be a quality, fringe franchise, not a volume, move-the-metal franchise. Unit sales are meaningless from now on. We must be profitable."

Heron paid £8.7m to Fiat for the assets of the Lancia import company in January 1983. Mr Gerald Ronson, Heron's chairman, then predicted that Lancar would be profitable in its second year and by 1987–88 would be selling 25,000 cars a year.

Extremely competitive conditions in the UK car market have seen Lancia car sales fall by nearly half, from 5,170 in the last year, when Fiat was importing the vehicles, to only 2,639 in 1984.

Lancia car sales should improve this year because Lancar will in June introduce the oew "supermini," the Y10, and, in the autumn, the top-of-the-range Thema. Mr Norman will not be drawn about potential sales but dealers suggest the 1985 target is more than 4,000, a 50 per cent jump from last year's level.

Saatchi wins McDonald's £6m account

By Tony Jackson

THE ADVERTISING account for McDonald's hamburgers in the UK has gone to Europe's biggest advertising agency, Saatchi and Saatchi. The account, worth £6m in 1984, is expected to be considerably larger this year because Saatchi will also be handling below-the-line promotional expenditure previously dispersed elsewhere.

The account was lost by the agency D'Arcy MacManus Masius in February, and McDonald's has since received presentations from several rival agencies. The decisioo to award the business to Saatchi was taken last Friday.

McDonald's is actively engaged in expansion in the UK. At the beginning of this year it announced that it intended to start franchising its UK outlets, in line with its practice worldwide. For Saatchi there should also be longer-term attractions in the possibility of doing business for McDonald's in other couotries.

Largely as the result of an acquisition programme, Saatchi operates in 46 different countries, achieving 70 per cent of its turnover last year outside the UK.

For several years, the group has taken a lead in preaching the gospel of global branding, exhorting companies to use worldwide marketing strategies through the medium of international advertising agencies.

McDonald's could be a suitable case for this, since it operates in more than 30 countries.

Pension funds lift net investment to £8.6bn

BY ALAN PIKE

NET investment by self-administered pension funds last year rose to £8.6bn, compared with £7.78bn in 1983.

During the final quarter of 1984, net investment amounted to £2.2bn, an increase of £83m on the previous quarter.

The pension funds were responsible for 27 per cent of total net investment in UK public-sector securities last year, compared with the particularly high level of 35 per cent in 1983. The figures are contained in the latest issue of the government publication British Business.

Net investment by the funds in UK company securities last year accounted for 37 per cent of their total net investment, a much higher figure than 1983 when it was 23 per cent.

Acquisitions of ordinary listed shares during the final quarter of last year exceeded £1bn, probably reflecting purchases of shares in British Telecom.

Net investment in overseas company securities last year was only £311m, the lowest annual figure since the abolition of exchange controls.

"It may be that to maintain the balance of their investment portfolio, pension funds were reluctant to increase their holdings of overseas comany securities," suggests British Business.

"Depreciation of sterling during the year had already increased the value of such holdings."

Total net investment in overseas government securities, however, switched from a net disinvestment of £35m in 1983 to reach £160m last year.

During 1984, holdings of cash and short-term assets – net of short-term borrowing – rose by £1.8bn, accounting for 21 per cent of total net investment during the year.

BA starts route exchange with BCal

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS starts its biggest spring-time expansion programme from this week, with a wide range of new services being launched.

The airline is returning to South America, taking over the route network relinquished by British Caledonian Airways, and over the next two or three weeks will be launching flights to 13 other destinations from London and regional airports.

The South America routes include Rio de Janeiro, Sao Paulo, Bogota and Caracas.

BA will also be flying to Tampa, Orlando and Pittsburgh in the U.S. Five new destinations, including New York, Geneva, Munich, Malta and Larnaca (Cyprus) are planned from Manchester, with new services from Glasgow to Milan and from Birmingham to Hanover and Cork and from Jersey to Düsseldorf.

British Caledonian Airways, the independent airline, is taking over BA's Saudi Arabian network and yesterday made its inaugural flight to Jeddah and Dhahran. Mr Michael Spicer, Minister for Aviation, was on the inaugural flight.

Rank Xerox 'recovers market share'

By Tony Jackson

RANK XEROX is recovering its share of the UK photocopier market, a new report says. Of machines costing under £10,000, the lead share goes to Canon Business Machines, with 23 per cent, followed by Rank Xerox with 19 per cent and Sharp with 12 per cent.

Canon's lead, however, is based on its strength in very small personal copiers, according to the report from What to Buy Ltd. Excluding those, Rank Xerox leads the market in unit sales, and in terms of sales value leads the market overall. Rank's 10 Series machines, due on the market this year, might take its market share above 20 per cent in 1986, says the report.

BP finds U.S. licensee for plastics process

BY TONY JACKSON

BP CHEMICALS has landed the first licensee for its fluid bed process of polyethylene manufacture, in a bid to raise the return on its investment in an area of the plastics markat threatened by Saudi imports.

The licensee is USI, one of the biggest polyethylene producers in the U.S. and a subsidiary of National Distillers and Chemicals Corporation. No financial details have been disclosed.

The BP process makes linear low-density polyethylene (LLDPE), one of whose end-uses is the plastic bag. Low-cost LLDPE from Saudi Arabia is expected to reach Europe in large quantities in the next few months. The BP process can also be used to make high-density polyethylene (HDPE), for more rigid uses, such as plastic bottles.

The BP process – one of several on the market – is claimed to make a higher-quality product than will be available from Saudi Arabia. Besides licensing the technology, BP is also investing a further £30m in manufacturing plant at Lavéra in the south of France.

LLDPE is a relatively new form of polyethylene, which is being widely substituted for conventional low-density polyethylene (LDPE). Its appeal for the customer lies in that, being stronger, it can be used in smaller quantities for the same effect. Despite its advantages, however, market pressures last year led to LLDPE prices being lower than LDPE prices, although they have since recovered to around the same level.

When BP's investment at Lavéra is completed at the end of this year, it will have LLDPE capacity of 140,000 tonnes a year. As a result of a deal with ICI three years ago, BP is also among tha top 10 European producers of the more old-fashioned LDPE, with capacity of nearly 300,000 tonnes a year.

A potential problem for BP is that the more licences it sells, in Europe especially, the more overcapacity it could encourage, to tha detriment of its own manfacturing investment.

The world leader in LLDPE licensing, Union Carbide, has issued over 20 licences for its process to date, and has made a point of keeping its own manufacture at a minimum.

BP said: "There is a balance to be struck between manufacture and licensing. However, our view is that we will be better off doing both."

BP argues that the decision to invest further at Lavéra, although taken several years ago, was made in full knowledge of the threat of Saudi imports.

It is widely acknowledged, however, that the European industry was until recently highly sceptical of Saudi ambitions, and that the completion of the massive Saudi plants, ahead of schedule and on budget, has come as a rude shock.

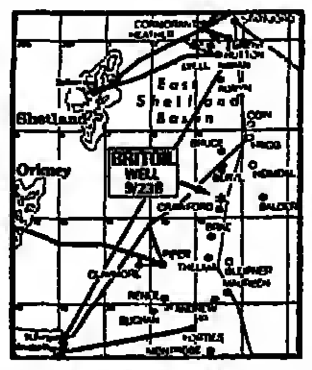
The market for LLDPE and LDPE is regarded as the most difficult in the bulk polymer industry. Saudi imports apart, European capacity in LDPE of 5.6m tonnes is 1m tonnes above demand.

That has led to a rush into the newer LLDPE technology. The result, says one industry analyst, has been "to kill the goose before the golden egg has even been laid."

Survey result prompts rapid start to Britoil drilling project

BY DOMINIC LAWSON

BRITOIL, the UK's biggest independent oil company, is about to drill one of the last unexplored prospects for a giant North Sea oil discovery.



A three-company consortium led by Britoil paid the Government £12m in January for the right to drill on block 9/23B. That was done under the first, cash-option phase of the ninth round of UK oil and gas licences.

However, in an unprecedented move, Britoil is to drill the well immediately – even before the Government has completed the ninth round and with the distribution of discretionary awards not expected until May at the earliest.

Britoil's eagerness is explained by the seismic surveys it had carried out on the block before making its bid. Those indicated a structure capable of holding about 500m barrels of recoverable oil.

The next generation of North Sea oilfields is likely to average no more than 100m barrels of oil, against the average size of 400m barrels in those fields already developed.

The oil industry has marked out the unexplored areas in the deep waters west of Shetland as the only chance of further giant UK oilfields, but Britoil hopes it has found the exception to that rule in 9/23B.

The well is also seen as high risk. Shell had relinquished the area that Britoil is now about to explore, having drilled several dry holes. However, there have been several North Sea discoveries made by companies drilling deeper than the previous licensees.

The three-company consortium will begin drilling later this week with the semi-submersible rig Treasure Swan. Britoil has a 70 per cent stake in the group. Hispanoil, the Spanish state oil company, has a 25 per cent stake, and the remaining 5 per cent is held by Berkeley Exploration, a small UK oil company.

Britoil said last week that the well "will be drilled as a tight hole." That means that the company will not release any information about the well, no matter what the result. "Tight hole" status is typical of a well in which tha operator sees great commercial significance.

THE MANAGEMENT PAGE

Corporate strategy

Marketing myopia: an insidious disease

BY CHRISTOPHER LORENZ

PROFESSOR Theodore Levitt of the Harvard Business School is about to celebrate the 25th birthday of his most famous brainchild: the doctrine that corporate survival depends on doing everything necessary to satisfy the customer.

Better known as "marketing," it is an obvious notion which should have swept the world.

For a time it seemed to have done so. The 1960 article "Marketing Myopia*," in which Levitt first propounded the dogma of "know thy customer," was a wildfire success; companies rushed to instal vice-presidents and directors of marketing, and to beef up their market research. The question "what business are we in?" which Levitt promulgated as the necessary foundation of a marketing-led strategy, quickly sprang to everyone's lips, and encouraged a veritable passion for corporate analysis.

Yet today it is only in "packaged goods" like food, cosmetics and soap powder that marketing is practised by an entire industry in anything near the breadth and depth that Levitt advocated. The ubiquitous Japanese quickly learned to apply a marketing approach to everything from cameras to cars, and calculators to copying machines. But in the West most suppliers of consumer durables, capital goods, and services still suffer from what Levitt branded a traditional "production/sales mentality.

Exceptions have abounded for years, of course: Moulinex and Adidas in consumer durables, IBM in capital goods (and now durables too), McDonald's and Club Mediterranee in services. With all today's pressures of slow growth, global competition and deregulation of services, a host of companies in all sorts of industries—even chemicals, insurance and banking—are belatedly rushing to join them.

But in general, to quote Tom Peters and Bob Waterman, co-anthors of the multi-million best-seller "In Search of Excellence," "despite all the lip service given to market orientation these days . . . the customer is either ignored or considered a bloody nuisance."

Most managers see their company's *essential purpose as selling* whatever production happens to make, rather than designing new products and services to suit the changing preferences of the customer.

In stark contrast, the "marketing concept," as it has come to be known, holds that the objective of every company in an age of abundance should be to focus, in a myriad of ways, on the customer's needs, thereby winning his or her satisfaction and loyalty. Among the techniques the company should employ are market segmentation, product differentiation, and a careful blending of the various elements of the "marketing mix," including product features, price, promotion, distribution and after-sales service.

Peters and Waterman are by no means the only management researchers to draw the conclusion that, despite its obvious sense, Levitt's "manifesto" (as he calls it) has, until very recently, had only a patchy effect.

Over-emphasis on tradition

Dieter Pommerening, a senior marketing specialist with McKinsey and Co, in West Germany, complains that with the exception of packaged goods makers and retailers, "most European companies have not even defined what markets they are in or who their competitors are." Even in many of the best-known packaged goods companies, he says that marketing has degenerated from its original broad role into a narrow, functional activity.

In a widely-publicised study earlier this year (this page, January 24), a research team from Britain's Bradford Management Centre concluded that most UK companies outside the packaged goods industry had little concept of marketing strategy, and needed to develop more of a marketing culture. "Too many are dominated by short-term profit considerations or an over-emphasis on traditional production skills," it warned. "The chief executive should take the lead in demonstrating a commitment to market leadership."

Surprisingly, given the usual assertion of a yawning "management gap" between Europe and the U.S., Levitt's fellow American professor Philip Kotler considers that marketing is just as underdeveloped in many U.S. companies. "We've been talking about marketing for 25 years, but very few companies really do it," he says. "A lot of chief executives are confused about the difference between marketing and sales. They don't seem to realise that most of the impact of marketing is felt *before* the product is produced, not after."

Which is not to say, either, that marketing consists merely of market research — an additional source of confusion about which Kotler bitterly complains. "Without proper marketing thinking you can't get market research to ask the right questions, nor can you make effective use of its results."

There was certainly no such confusion in the minds of the various management thinkers who in the 1950s laid the academic foundation for Levitt's popularising manifesto. Peter Drucker, Wroe Alderson and the other originators of the "marketing concept" had avoided a slavish attitude to market research, as had those who were credited with the ground-breaking thought on the techniques of market segmentation and product differentiation.

"Marketing Myopia" itself was quite clear on the subject. Though the American automobile industry had for a long time done lots of consumer research, Levitt wrote, the success of Volkswagen and other imported "compact" cars showed that it was failing to reveal what the customer really wanted. "Detroit never really researched the customer's wants. It only researched his preferences between the kinds of things which it had already decided to offer him. For Detroit is mainly product-oriented, not customer-oriented."

As today's chairman of Ford, Donald Petersen, effectively admitted earlier this year at the roll-out of his company's 1985 U.S. models, this attitude of "put the company before the customer" persisted for another 20 years, until Detroit (or at least Ford) decided that the time had at last come to give priority to the consumer.

In contrast with Detroit, Levitt wrote back in 1960, "a truly marketing-minded firm tries to create value-satisfying goods and services that consumers will want to buy. What it offers for sale includes not only the generic product or service, but also how it is made available to the customer, in what form, when, under what conditions, and at what terms of trade. Most important, what it offers for sale is determined not by the seller but by the buyer."

As Philip Kotler points out in his new book on Japanese marketing strategies, "The New Competition" (this page, March 22), this was a lesson the Japanese had already begun to learn by the early 1960s. After the dismal failure of the seriously flawed Toyopet, Toyota's first attempt to export cars to the U.S., the company quickly adopted a fully-fledged marketing approach.

Through assiduous market research, it discovered that the market segments already served by imports of the Volkswagen "Beetle" were growing, and also that the way to beat VW was to improve on the German company's already high standards of product quality and performance, driver and passenger comfort, and after-sales service.

In addition to this meticulously precise approach to market definition, product development, and differentiation, Toyota applied carefully-pitched strategies on pricing, distribution and promotion. The Toyota Corona became a resounding success, as did the next major car it introduced, the Corolla.

The company did not stop there. Not only did it pursue a policy of continued product improvement, but it steadily refined its marketing strategy still further.

Toyota's rapid-fire shift from a selling mentality to a marketing strategy was directly in line with Levitt's adage that "selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, *arouse and satisfy* consumer needs" — and changing needs, at that.

So why, despite the obvious good sense of Levitt's manifesto, and the mind-concentrating example of marketing-led Japanese competition, did so many Western manufacturers of durables fail to convert from selling to marketing?

The answer was foreshadowed by Levitt himself in "Marketing Myopia." Building an effective customer-oriented company, he wrote "involves far more than good intentions or promotional tricks; it involves profound matters of human organisation and leadership."

Not only must top management show leadership, vision, the will to succeed, and the ability to motivate, but "the entire corporation must be viewed as a customer-creating and customer-satisfying organism. Management must think of itself not as producing products but as providing customer-creating satisfactions. It must push this idea (and everything it means and requires) into every nook and cranny of the organisation. It has to do this continuously and with the kind of flair that excites and stimulates the people in it."

In other words, the corporation must undergo a complete cultural revolution, and possibly an organisational one as well. Faced with a task of such magnitude, it is not altogether surprising that so many managements have failed to appreciate all the pitfalls, or have completely funked the challenge that marketing represents.

Not only have they tripped over the need for marketing to be a company-wide philosophy, and not just a bundle of functional tools, they have also run headlong into its uncomfortably subversive character. If a company is to respond to changing consumer preferences, and to competitive actions, it must constantly question its existing strategies and tactics. Its keynote must be flexibility. Yet constant change is anathema to most corporations.

Because of these daunting complexities, even the most enthusiastically marketing-minded companies sometimes give up in despair. Alternatively, a set of marketing strategies and tactics that have proved successful in past conditions become ossified into rigid attitudes and procedures.

This seems to be one of the reasons why Procter and Gamble and several other leading packaged goods companies have recently had difficulty responding to changing market patterns, such as the worldwide shortening of product life cycles and, in Europe, the massive increase in retail power.

In the light of all this, Theodore Levitt is undaunted by the time his manifesto has taken to work. As he says, in his own inimitable style: "One shouldn't look for 14 miracles before breakfast."

A second article will examine the dozen main reasons for failure.

* *Harvard Business Review, July-August 1960. Reprinted in "Product Policy" (separate HBR reprint series for consumer goods companies and industrial goods companies, nos 21161 and 21163). From HBR, Boston, Mass. 02163, USA.*

Management abstracts

Niche Marketing. J. F. Barone and J. Lieb in Business Marketing (U.S.), November 1984 (6 pages)

Describes how industrial marketing companies are learning about "niches"—a refined market segmentation process for defining the area(s) in which products compete at their best; suggests how to identify and exploit niches with particular reference to packaged goods, how to monitor trends and how to test the market. A linked article describes how Eli Lilly (chemicals) developed a new market niche for an agricultural product (with slight reformulation and a new brand name), because farmers extended its use where it was previously thought unsuitable.

Dealer network strategic planning. W. A. DeBord in The Journal of Business Strategy (U.S.), Autumn 1984

Insists that manufacturers and distributors dependent on others to stock and sell their products cannot afford to ignore the importance of having long-term plans for their dealer network. Discusses steps to be taken in building/reviewing a dealer network, from the identification of difficulties, programme design, setting performance standards and obtaining dealer co-operation, follow-up and monitoring.

Predicting the optimum price. H. Wybenga and J. N. Axelrod in Journal of Advertising Research (U.S.), October/November 1984 (5 pages)

Describes a simulated shopping approach to predicting relationships between price and demand, and finds evidence for some emerging principles—the more consumers know about product or brand differences, the more likely it is that demand will be greater at the lowest price; the closer (in personal terms, eg husband/wife) the receiver of the purchase is to the buyer, the higher the price the buyer is prepared to pay (and vice versa); at the same price level, higher demand is for the price identified as a bargain (eg 20 per cent off or "reduced from"); and that a higher price than the competition can suggest greater value—up to a certain point.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

TECHNOLOGY

Conferences

Speech processing

INTENSIVE research is being carried out in speech technology to allow humans to talk to computers and other electronic devices. This work will be the subject of a two-day conference run by Online Conferences at the Tara Hotel in London in May.

The conference is intended to bring together companies developing speech technology products, original equipment manufacturers and others involved in office automation and communications. Experts in the field will examine the market, competing productions and techniques and the implications for the future. More details from Online in Pinner, Middlesex, on 01-868 4466.

Local authorities

Automating services

ISLINGTON COUNCIL has spent £3.5m on a computer system to give a range of services to local residents. It says that it is the first local authority in the UK to launch a computerised "neighbourhood offices" scheme. The first four offices opened their doors on Thursday March 28.

The idea is to bring under one roof a range of services suc has housing repair requests, applications for council accommodation or transfer, administration of housing benefits, payment of rates and rent, advice on environmental health, social services and planning applications.

All the neighbourhood offices will be equipped with at least 10 ICL DRS 20 distributed resource terminals with direct links to a central ICL mainframe computer.

Islington also owns about 42,000 properties and is using computer software to administer these. The system can show which properties are available for rent and maintain an up to date record of repairs.

Design

Draughting software

FERRANTI Infographics has launched software for a computer based draughting system. Called InfoCAD, is the result of a two-year development programme and will run on the range of CAM-X workstations. It can cater for a variety of parametric operations and customised codes of practice including dimension standards and house style for either graphic or selected text fonts. More details from Ferranti in Livingston, Scotland, on 0506 411583.

CHEAPER WAY OF PRODUCING GAS FOR MEDICAL APPLICATIONS

Breath of life for oxygen suppliers

BY PETER MARSH

THE DEPARTMENT of Health and Social Security (DHSS) is shortly to issue proposals designed radically to change the way oxygen is delivered to people with breathing difficulties.

After years of weighing up the issue, the department is due to turn to machines called oxygen concentrators that dispense the gas to men and women in their homes. A supply of oxygen on tap can make life more bearable for people suffering from lung diseases such as chronic bronchitis.

Until now, the oxygen has been made available through the health service in gas-filled cylinders, a strategy which observers have criticised as more expensive than one based on concentrators.

According to Erie Medical, a U.S. manufacturer of concentrators which plans to supply the devices to the UK through a distribution agreement with Koutron of Watford, supplying oxygen by concentrators can cut costs by up to 60 per cent.

Concentrators, which extract the gas from the air using a modification of the compression technique used in refrigerators, were devised in the late 1960s.

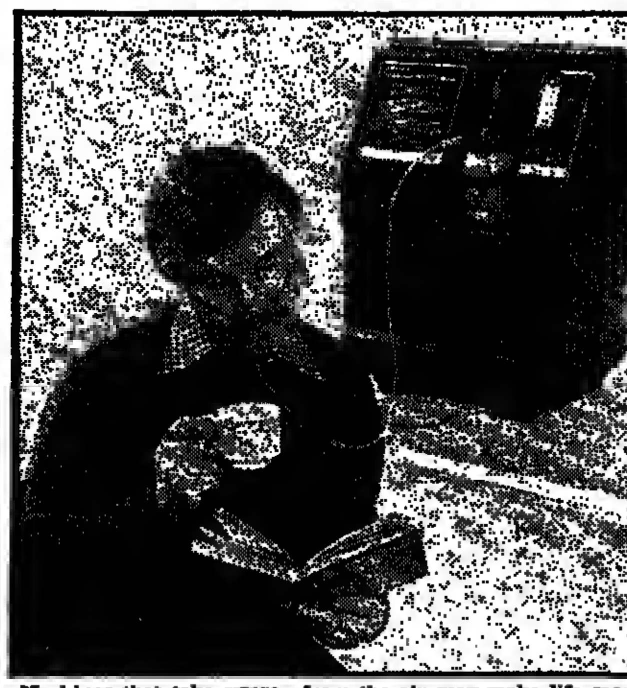
In the hardware, air is compressed, filtered and passed through a molecular sieve—using material with a fine pore structure—to separate oxygen from other gases such as nitrogen and carbon dioxide according to the different size of their molecules.

Supplying oxygen by concentrators can cut costs by up to 60 per cent

Mr Alf Cooper, general manager of Rimer Alco, a small company in Cardiff, is generally acknowledged as the inventor of the device. About 15 years ago, he showed the machine to a hospital in Washington DC, after which, so he claims, American companies took up the idea.

Due to lack of support from the National Health Service, only a few oxygen concentrators have been sold in Britain. In the U.S. the picture is quite different—about 200,000 people with diseases such as chronic bronchitis have the machines in their homes, according to Erie Medical, one of about 20 companies that make the hardware in the U.S.

Mr Cooper patented his invention in the UK and other European countries, but failed to do so in the U.S. because of the high costs. A small concentrator used in the home (supplying up to about 4 litres of gas a minute) costs £1,000 to £1,500.



Machines that take oxygen from the air may make life more bearable for people with chronic lung disorders who need regular supplies of the gas.

According to their protagonists, concentrators are more cost effective than cylinders for all patients other than those who require oxygen intermittently.

The DHSS says it is to invite bids for concentrators over the next few weeks. They will be supplied through the health service initially to 5 per cent of the 32,000 men and women who currently obtain oxygen through cylinders supplied through a contract with BOC.

According to the department, to supply 15 hours of oxygen a day to a patient under the current arrangement costs £3,000-£4,000 a year. The total of about £10m a year spent on supplying the oxygen cylinders should be reduced by 10 per cent after the first batch of patients are switched to concentrators, a change that should be complete by the summer.

Doctors involved in lung disease say that concentrators should lead to a better quality of life to people with such disorders. Rather than keep to a certain amount of oxygen a day, they will have virtually unrestricted access.

A series of medical reports have indicated that the health of patients may improve if they can obtain oxygen for longer periods, rather than receive it only on occasions when, for instance, they become breathless.

Oxygen is generally supplied via a pipe attached to the nostrils. This is not only uncomfortable and unsightly but wastes the gas because much of it is breathed out into the atmosphere without entering the lungs.

In trials at Harefield Hospital, Middlesex, Dr Jonathan Govan, a consultant in respiratory medicine, has experimented with a catheter that feeds the gas directly to the windpipe via a small hole in a patient's neck. The catheter placed through the hole (provided after a minor operation with a local anaesthetic) can be worn unobtrusively and with little discomfort, says Dr Govan.

Of the 13 patients (all in their late 50s or over) who have used the catheter, all but one have said the new technique improves on the nostril pipe. Dr Govan says that with the windpipe method, the rate of supply of oxygen can be cut to half a litre a minute, is in contrast to the normal supply via the nose of up to 2 litres a minute.

With the reduction in the amount of gas needed, patients can walk around with a mobile supply of oxygen in a small cylinder. While they require the higher rate of supply, the *large volume of the gas needed* makes this operation impracticable.

Apart from Rimer Alco and Kontron, other companies that plan to submit tenders to the DHSS for the supply of concentrators include MGI based in the West Midlands and Devilbiss, which is owned by Champion, the U.S. spark-plug manufacturer.

MGI has supplied very large concentrators costing up to £30,000 to hospitals — which for their supply of the gas normally, like patients in their homes, rely on cylinders. The company has installed the concentrators in Chester and Ely.

BOC says it is interested in offering a full service to the DHSS in which it supplies concentrators to people's homes and is responsible for maintenance. The department says that it has yet to decide on whether it will buy concentrators from companies directly or sign a service contract along the lines of that offered by BOC.

With the reduction in the amount of gas needed, patients can walk around with a mobile supply of oxygen

In BOC's proposal to the DHSS, the company would be responsible for supplying contractors directly to patients. BOC would also arrange for medical staff to visit homes to check on people's needs, reducing the requirement for men and women with lung disorders to rely on their family doctors.

The system, similar to those operated by BOC, through its medical-service subsidiaries, in the U.S., could be one of a range of measures by the Government to introduce private health-care at the family-doctor level.

According to figures from BOC, a service of this kind would save the DHSS a further £2m a year on the cost of providing oxygen. This would be on top of the savings due to the advent of concentrators.

Offshore

Longer range underwater vehicles

UNDERWATER technology is one of the target areas for British companies using their North Sea experience to develop exportable product lines.

UDI in Aberdeen, part of the John Brown group, has improved sonar equipment which can be mounted on remote controlled vehicles and vessels moving under water. These normally carry out inspections and sometimes maintenance on seabed pipelines and other underwater installations.

The company, which also developed a seabed crawler tractor for pipelaying, has announced improvements in the capabilities of its AS360 sonar system.

The use of sonar or underwater television can be restricted by the amount of wire connecting the surface vessel and the unmanned vehicle below and the equipment's ability to produce workable images.

UDI, like other specialists in this field, has used a multiplexing system to combine control and information data along the same cable. This use of telemetry has brought down from five to two the number of cables connecting the seabed vehicle to the control ship.

Telemetry, in turn, greatly widens the range of the underwater vessel as it does not have the large bundle of cables to lug about the seabed.

UDI's system can operate two kilometres from its unit, a huge expansion, with previous—hard-wire—systems limiting a remote controlled vehicle to 300 metres.

The improvements to the company's sonar also include colour imagery from sonar and the use of cursors by the surface operator to isolate and label part of a picture.

The move by oil companies into deeper waters, as well as the growing network of seabed pipes, makes the outlook for the underwater technology companies promising. A number of British firms are now active in the area of underwater television sonar or control systems.

MARK MEREDITH

Computers

Honeywell extends its mainframes

THE U.S. computer and electronics group, Honeywell, has expanded its range of very large mainframe computers with the introduction of the DP 90. It can be configured to be up to three times more powerful than Honeywell's previous model, the DP88.

The new machine is a general purpose computer for business applications mainly with large corporations and government departments though there are scientific and engineering uses for the DP90. The computer is not yet available in the UK, however, and Honeywell has given no time scale for its introduction outside the U.S. More details from the company in Phoenix, Arizona on (602) 862 6140.

THE ARTS

Architecture/Colin Amery

Practising for 150 years

The Town Hall at Huddersfield is one of those grand Northern examples of civic pride that make mere Southerners feel very humble. It was built in the 1870s by a local architect, J. H. Abbey in the free Renaissance style. It is a curious mixture of French and Italian classicism with a very French roof, sited so that it has a geographical as well as an architectural dominance. Mr Abbey would be proud to know that later this year his Town Hall will be the setting for a celebration of 150 years of work by the Huddersfield firm Abbey Hanson Rowe Partnership.

It is quite an occasion for a celebration because it is rare for a firm of architects to last so long, to retain their roots and at the same time to be a large international practice. Today the name of the practice is as familiar outside the UK as it is in Yorkshire.

It is not an insult to say that the firm does a great deal of bread and butter work. With 200 health facilities of various sizes and 160 schools completed the high competence of the firm cannot be questioned. It has always been at the centre of the architectural needs of the nation. What it is not is a flashy, trendy metropolitan firm always with half an eye on the latest mode or magazine. Several of the firm's projects have won awards and there have been opportunities for design adventures—particularly in the Middle East.

Looking at the work of this practice is like examining the social history of the last 150 years. Architectural practices are good barometers of both economic and social changes—and a well rooted firm is a particularly good indicator of the prevailing winds. Beginning with surveying, estate management and work for the Church—Abbey Hanson Rowe grew steadily into the Welfare State, from the lush pastures of 19th century local government. After the Second World War, as building restrictions were eased, it was the public sphere that provided the workload for the majority of architects—today it is very different.

For a large and successful commercial and public practice to have survived and flourished for 150 years there must have been some partners who were skilled at anticipating what was going to be the next building wave. The school boom is long over and today an addition or refurbishment is likely to be

Solid virtue in solid granite—the headquarters of the Yorkshire Bank in Leeds

the scale of things in the educational world. Hospital building, despite Opposition cries to the coonutrary, continues and grows. A skilled partner has to see when shopping centres are going to appeal less to the pension funds than, say, leisure centres.

When should a practice start to work overseas? Who was it who first anticipated the oil

Colin Amery has been named Critic of the Year in the annual British Press Awards

boom builders so that this practice should announce earlier this year that they should form a joint venture partnership with Salahuddin-AHRI of Bahrain to design the new headquarters for the Bank of Bahrain and Kuwait? The embassy for Bahrain to be built in Kuwait and the new headquarters in the Middle East for Gulf Air are two more projects that seem a far cry from Huddersfield but are currently occupying the

practice.

Work for the World Bank in Bangladesh, a village for handicapped children in Riyadh and an association with Studio Nervi in Rome for some two dozen prefabricated schools are other aspects of architectural work that utilises the particular highly developed skills of the practice and offers them abroad.

None of this should be surprising in a well run firm from any part of the United Kingdom. What struck me as rather sade when I visited the practice in Huddersfield was the feeling that because they weren't in London they weren't quite in the same league. This is a completely false sensation — London does not, by any means, have the monopoly of architectural talent.

One of the award winners that Abbey Hanson Rowe have designed is the impressive head quarters of the Yorkshire Bank in Leeds. By any standards it is a good building with a massive, granite-faced presence in a dull part of Leeds. It is built with a attention to detail and finish—the outside all polished Finnish brown granite and inside calm colours, fine woods and signs of care everywhere.

Architects today are filling up their offices with machines like this firm's computer drafting system. Their virtue should be that they remove the drudgery from repetitive drawing and allow the humans to have better design ideas. Known as Rodney, the computer in Huddersfield has a prodigious memory for the sort of details that can be repeated from one building to another and has the added advantage of wanting to work 24 hours a day. There is no way that a machine can actually design a piece of architecture — and as yet the thinking computer has a long way to go. The usefulness of the computer to designers is limited—and, I suspect, always will be.

The presence of a firm of the scale and weight of Abbey Hanson Rowe in Huddersfield has not been enough to prevent the decline of the centre of that city. The glorious railway station and the classical St Georges Square are all sad and lacking all signs of life. Grand warehouses are empty and a non-conformist chapel of considerable grandeur is being ripped apart. With work in the Middle East and influence at home architects have a wonderful opportunity to educate their own communities.

Firms like these can do so much for the declining cities of this country. To bring architecture back to the grass roots is the role for the future — but to do it you will have to find ways of closing the undoubted gap between the profession and the public. To do this firms should not be afraid to act as missionaries for good design at every level. The Royal Institute of British Architects, which was 150 years old last year, has been forced to realise that architecture belongs to the whole community — throughout the country that anniversary has made architects reconsider their role. At their party in Huddersfield, a glance outside the windows of the Town Hall will show the partners that there is more than enough work for the next 150 years and much of it is on our own doorstep.

Vienna Philharmonic/Festival Hall

David Murray

What happens if you combine the cultivated warmth of the Vienna Philharmonic with Lorin Maazel's lean intelligence? There has been plenty of evidence in broadcasts and recordings, but a live concert is something else. On Saturday Londoners fortunate enough to get seats in the packed hall (and many loyal Austrians, and even more Japanese tourists than usual) were able to find out for themselves. The answer seemed to be: not much more than the sum of the parts — but with such high-calibre parts, that was satisfyingly impressive.

The opening bars of Strauss's *Don Juan* boded well: they were together, a thing rarely heard on the concert platform. The Vienna players can, and probably do, play Don *Juan* in their sleep, but this performance was rigorously alert. It was speedy, and not at all effusive; despite its urgency there was no edge of erotic hysteria, still less any lubricious *cosiness*. Tone and balance were superbly controlled.

The *Firebird* Suite (the 1919 one) made an interesting confrontation between Stravinsky and the Viennese musical tradition. On the whole, Vienna won; there was broad *espressivo* warmth and superfluity, round and full and inimical to Stravinsky's alien magic. Thus domesticated, the score seems sonorously naive. Though the trumpets in the "Danse infernale" were crisp, the syncopated barks of the horns emerged as flabby quacks: perhaps a style of horn-playing so deeply attuned to Brahms and Bruckner just doesn't adapt.

The main work was the First Symphony of Brahms, and it not only sounded but was rather splendid. As exposition, it was laden—but not loaded down—with pointed detail; contrapuntal arguments were pressed forward with exemplary clarity, aided by the unanimous subtlety of the viola and cello sections. Lovely solo winds, sweetly characterised middle movements; I thought Maazel passed too swiftly through some dramatic junctures in the opening Allegro, where doubts and second thoughts deserve a little more underlining. But the reading was conceived as a cogent whole, and long before the triumphant Finale—so tightly shaped that it seemed concise, but irradiated with Viennese warmth—one had to surrender to its persuasive force. The rapturous applause was perfectly in order.

Gut Reactions/Theatre Royal, Glasgow

Clement Crisp

The triple bill of new works by Peter Royston, Christopher Bruce and Michael Clarke, which Scottish Ballet showed at the end of last week under the title *Gut Reactions*, indicates that each choreographer is being invited to make an immediate visceral response to dance. The idea is adventurous, but in two of the pieces it amounted to a *creative flow*. Both Mr Royston's *Pococurantis* and Mr Clarke's *Hail the classical* had an air of unreasoned, unedited gestures, bold with first impulses, but fading away in unconsidered realisation.

Pococurantis (taken to mean "uncaring, indifferent") is well intentioned about colonialism. Its narrative is obscure in detail, its political stance naif, as, during a far too generous length never sustained by dance invention, we see a colonial administrator and his memsahib falling victim to their class attitudes, to their failing marriage and, of course, to the rebellion of the masses. The lady moves from taking tea to giving herself, in topless abandon, to a native Free Spirit (who also has a Little Red Book, whether poetry or polemics we do not know), and lands up dead.

Caricatured officialdom wanders blindly through the action. A masked creature called Tokolosh daubs people and scenery with paint, outlines a native reservation on stage, and changes costume, appearing finally in bloody bandages. The oppressed masses enter upon their own, after the ritual killing of the white. There is a skeletal set by Graham Bowers and rather too skeletal music by Paul Robinson. Gut reactions may be piously noble in intention, but in this case they are not the stuff of dance.

Michael Clarke, continuing his youthful attempts to *épater* the balletic bourgeoisie, has made a wild assault upon the hallowed procedures of the academic manner in *Hail the classical*. It amounts to pelting the genre with custard pies from a distance, instead of getting in one well-aimed close shot at its vitals. The surreal procedures — a sequence of brief, manic scenes designed by Charles Atlas, replete with centurions on point, a goldfish, characters from *The Wizard of Oz*, a Leopard woman and her girls, Clarke himself in fright make-up, and much more — recall such Massine/Dali extravaganzas of the 1940s as *Mad Tristan*, *Bacchanal* and *Labyrinth*, without the sustaining artistic imagery that gave these exercises their conviction.

Here, activity is disjunct, frittered away in shock effects only mildly funny, rather than in choreographic argument, and the use of Ravel's Introduction and Allegro as accompaniment is no more than gratuitously wasteful. The music, like the dance conventions Mr Clarke is shying at, is not touched by what the dancers are doing. There are revue jokes of some little vulgarity, and it is only when the mood changes with the playing of a closing song by the rock group The Fall, that the piece is pulled into shape.

In what looks like a punk version of *Napoli*'s finale, the energies of the performers gain coherence, and Michael Clarke's own dancing becomes purposeful. This is, I suspect, a danced *Hellzapoppin* which may amuse an audience once, slightly, but I could discern no further value in it.

Christopher Bruce's *Remembered Dances* is wholly other. A carefully planned sextet for Elaine MacDonald, Catherine Evers, Anna McCartney, Christopher Long, Vincent Hantam and Kenn Birke, it explores the world of Janacek's piano suite *In The Mist*. There are the expected ingredients of melancholy alternating with joy, folk steps, good design by Walter Nobbe of two overlapping panels in sombre blue-green, evocative of both the theatre and the open air, and rather too strong a hint of Jiri Kylian's procedures, where dancers get an emotion between their teeth and run like the wind with it.

The piece seems an extension of Mr Bruce's recent ballets in its concern for nostalgia and regret, but it is handsomely danced by its cast, with Elaine MacDonald marvellously its heart. This eloquent artist illuminates everything she does with such sensitivity that she compels belief, no matter how amorphous or predictable the attitudes taken by the choreography.

La danza/St John's

Max Loppert

A new company, Thameside Opera, has been formed with the aim of giving simply staged performances of the vast, rich, and largely neglected one-act repertory. The inaugural showing, on Saturday, demonstrated the *soundness of purpose* and also the genuine rarity value of the chosen field. It was a Gluck programme — the complete *Don Juan* ballet of 1761 (the first unmistakable sounding of reformist aims and intent), followed by what seems to be the first British appearance in modern times of *La danza* (1755).

The *serenata* on a libretto by Metastasio comes from well into the period when, having long endured the hard *existence* of a *travelling* musician, Gluck was able to settle down to the much more leisurely and civilized habits of Viennese court composer. *La danza*, which in the Gluck canon follows immediately the delightful festal piece *Le cinesi* (revived by another London fringe company last year), is a small, delicately worked two-hander entirely composed of pastoral affections and jealousies exchanged between shepherd and shepherdess. On this minimal dramatic frame Gluck hangs four ravishing long arias, expertly varied in melody, instrumental timbre, courtly manners; in the middle of the fifth (a duet of reconciliation), a dance section is interposed.

La danza is no more, in sum, than a diversion supplied for the delectation of an elite audience; much of the pleasure of a modern revival comes from noting how precise and practical was Gluck's response to the text, and also how numerous are the pre-echoes of the later, celebrated "beautiful simplicity" of style amidst the copious florid writing (all four solo arias were to be used again in the very last Gluck aria, *Echo et Narcisse*).

It was written to show off two of the leading singers of the day, the soprano Gabrielli and the tenor Friebert (and *Angiolini*, leading light of the dance in Vienna, led the concluding ballet). The pleasure of Saturday's performance was, in the event, limited, not just because of singing necessarily more modest in attainment—Evelyn Hanna Nicholson was the promising (but passingly throat-troubled) soprano, Terry Jenkins the rather uncouth tenor—but because of the feeble costumed semi-production that had been imposed on the players, and which kept getting in their and our way. Better, surely, to have given a concert performance; this way, nothing was gained, and much patience was lost. The City of London Sinfonia played well in both halves, but the stolidity of Georg Badacsonyi's beat dogged the longer unbroken sections of the opera.

Scandinavian dances/The Place

Clement Crisp

A rather difficult evening. Thursday's programme at the Place, under the title "Dances from the North," featured choreographies by Kim Brandstrup, who provided three pieces danced by students from the London Contemporary Dance School, and by Per Jonsson, whose one work was interpreted by three male dancers from the Royal Swedish Ballet.

I wish I felt that the event had been more attractive as a view of what a new generation of Scandinavian creators is making of new dance forms, but with the exception of Mr Brandstrup's version of part of *Les Noces*, matters were more than a little obscure and even more lowering to the morale.

In *Les Noces*, which comprised the two final scenes of Stravinsky's score (played in a rhythmically vivid French recording), Mr Brandstrup's dance language—actively seeming wrenched from the bodies of his dancers; movement bold in outline — provided a not inapt response to the music. His examination of a wedding, with the cast in formal evening wear, though barefoot (which gave an oddly unfinished air to the characters) suggested the elemental nature of feelings beneath a conventional surface, and the student performers gave admirably of their best: they are fine and promising young artists.

Brandstrup's other works, *Tales of Sleep*, a dream fantasy of impenetrable style, and *Under Moon*, which was manic about a young page-boy in white and assorted bar-room floozies, begged more questions than they answered, either dramatically or dynamically.

About Per Jonsson's *Shaft*, I record that the stage was covered with three tracks of earth leading to three huge iron panels; that the accompaniment was a score by Peter Bengtson for six accordians, three double basses and assorted tympani, and that the these dancers behaved as if in the last stages of the screaming mimis.

I have always believed that tales of unrelieved Nordic gloom were a canard. I now know better.

Berio and Mahler/Barbican Hall

Max Loppert

It was an odd piece of series-compiling, but at the same time a welcome piece of programming, to feature Berio's concerto for Two Pianos (1973) in the London Symphony Orchestra's current Mahler-Vienna Festival. Berio is a composer linked with Mahler—his Sinfonia is, indeed, absolutely explicit about the relationship — but this concerto is not a specifically "Mahlerian" Berio composition. It is, however, a shapely, lively, and extremely attractive one, and very much worth hearing again.

Berio has ever been unusual among leading postwar composers in his willingness to revive well-tried musical formulations in new contexts; his attitude to the past, at once elegantly ironic and affectionate, colours much of his most forward-looking music. This is a concerto which simultaneously satisfies and upsets conventional expectation. As an exposition of solo bravura highlighted against a large-orchestral background, it is a conspicuously successful and satisfying piece—the contrast between the two pianists and the orchestral soloists (among them a third pianist) afford some memorable effects, and the moments of hubbub are finely placed.

At the same time, it cannot be counted a virtuoso concerto of genuine Romantic lineage, for not a lot happens in it—and that is really its point. The soloists set up the gentle shimmer (of tremelos, ostinatos, magically delicate filigree figuration) which is their dominant mode of expression; orchestral attempts to engage, extend, or interrupt it prove exciting but impermanent, and the close of the concerto finds the music floating out much as it had floated in, on a lazy pianistic haze in which intimations of tonal harmony seem like nostalgic phantoms. The pianists, those of the first New York and London performances, were Canino and Ballista, in splendid form; the orchestra under Claudio Abbado undertook its various roles with vivid address.

Once the peculiar Barbican acoustics had again been taken into account—the depredations upon bass-line presence continue apparently unchecked—the Mahler Fifth Symphony after the interval could be admired with few reservations. Abbado conducted a magisterial performance: other leading Mahlerians of the day may insist on drawing greater distinctions of atmosphere and character from the melodic material (and on paying closer attention to Mahler's many *portamento* markings), but very few command thus the continuous, linked sense of the whole symphony. Each movement was related in its subordinate sections; the larger five-movement pattern emerged with unarguable clarity and dramatic rightness.

Imperial War Museum celebrates VE Day anniversary

The Imperial War Museum is mounting a festival from May 4-15 to commemorate the 40th anniversary of VE day.

The main events will be an opera *The Emperor of Atlantis*, composed in a concentration camp in 1944 by Viktor Ullmann, a specially commissioned play by Roger Stennett performed by the National Youth Theatre, a Humphrey Lyttelton concert, and shows of wartime clothes and cooking.

New Director for Ashmolean

Sir David Piper, a regular contributor to these columns, is to retire as Director of the Ashmolean Museum, Oxford, at the end of September. His successor, with effect from October 1, will be Dr Christopher White, at present Director of Studies at the Paul Mellon Centre for Studies in British Art in *London*, as well as associate director of the Yale Center for British Art and Professor (Adjunct) of the History of Art, Yale.

Gallery appeal

The Photographers Gallery has the chance to buy the freehold on its main building in Great Newport Street in London for £350,000. To take advantage of this offer the Gallery needs to raise £150,000 by the end of April.

The director Sue Davies is approaching 1,500 companies and individuals for £100 each.

Glasses by Whistlers

An exhibition of engraved glass by Laurence Whistler and his children, Simon, Daniel and Frances, is on show at Kenwood House, Hampstead, until April 25.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 29-April 4

Music

ITALY

Verona: Teatro Filarmonico: Carmina Burana by Carl Orff conducted by Vladimir Delman with the soprano Gabriella Ferroni, Maurizio Comencini, tenor and Franco Sioli, baritone (Tue). (22 880).

Rome: Teatro Olimpico (Piazza Gentile da Fabriano): *Recital by Ruggero Raimondi, accompanied by* Ronald Schneider. Beethoven, Mozart, Bellini and Ibert (Wed). (39 33 04).

Rome: Auditorium Via Della Conciliazione: Georges Prêtre conducting Berlioz's Romeo and Juliet (with soloists, choir and orchestra). (Mon and Tue). (6541 044).

WEST GERMANY

Berlin, Philharmonie: Ivo Pogorelich, piano. Schumann, Prokofiev and Chopin (Tue).

LONDON

Allegri/Robles Ensemble with Marisa Robles, harp. Ravel, Debussy and Mozart. Queen Elizabeth Hall (Mon). (928 3191).

BBC Symphony Orchestra conducted by Sir Charles Groves with Ralph Kirshbaum, cello. Bliss, Elgar and Walton. Royal Festival *Hall* (Mon). (928 3191).

Royal Philharmonic Orchestra conducted by Kurt Masur with Igor Oistrakh, violin. Elgar and Tchaikovsky. Royal Festival Hall (Tue).

Amadeus Quartet: Mozart and Haydn. Queen Elizabeth Hall (Wed).

London Symphony Orchestra conducted by Claudio Abbado. Mahler, Berg and Debussy. Barbican Hall (Wed). (638 8891).

Royal Philharmonic Orchestra conducted by Kurt Masur with Cecile Ousset, piano. Brahms and Schubert. Royal Festival Hall (Thur).

NETHERLANDS

Amsterdam. Waalse Kerk (Oude Zijds *Achterburgwal 157*). The Netherlands Chamber Choir conducted by Peter Phillips. Lassus, Palestrina, Victoria, Tallis (Thur). (72 51 99).

Utrecht Muziekcentrum Vredenburg. St Matthew Passion performed by the Utrecht Oratorio Society and Soloists, with the Utrecht Symphony Orchestra under Johan van de Camp (Wed, repeat Thur). (31 45 44).

Orchestra of the 18th Century conducted by Frans Brüggen with the six Brandenberg concertos. Mon in Rotterdam, de Doelen (14 29 11). Tue in Utrecht, *Muziekcentrum* Vredenburg (31 45 44). Wed in Amsterdam, Concertgebouw (71 83 45).

Naarden, Grote Kerk. St Matthew Passion with Ton Koopman conducting the Orchestra and Choir of the Netherlands Bach Society. The Amsterdam Baroque Orchestra and the North Holland Boys Choir. Soloists Agnès Mellon, René Jacobs, Mark Tucker, Rogers Covey Crump, Peter Kooij and Michael Schoppe (Thur). (31 20 29).

Amsterdam, Concertgebouw. Recital Hall: Felicity Lott, soprano, accompanied by Graham Johnson. Schubert, Brahms, Wolf, Poulenc, Walton (Tue). (71 83 45).

Rotterdam, de Doelen. Recital Hall: Rotterdam Philharmonic conducted by Marien van Staalen. Mozart (Wed). (14 29 11).

Eindhoven Globe Theatre. Emmy Verheij, violin, and Janos Starker, cello. Bach (Tue). (11 11 22).

PARIS

Festival des Instruments Anciens: Bach St Matthew Passion, Amsterdam Baroque Orchestra conducted by Ton Koopman (Mon); Bach sonatas for viola de gamb and harpsichord (Tue): Schubert Lieder, John Elwes, tenor (Wed). Hôtel de Coulanges, 35 rue des Francs Bourgeois (353 2983).

Forum de la Création: mostly jazz-inspired compositions (Mon). Centre Georges Pompidou Grande Salle. (278 7995).

Orchestre National de France conducted by Esa Pekka Salonen, Salvatore Accardo, violin: Stravinsky, Sibelius, Reger (Wed). Théâtre des Champs-Elysées. (723 4777).

Wind Quintet of the Orchestre National de France: Joseph Canteloube, Paul-Claude Taffanel, Milhaud, Ligeti (Thur). Radio France, Grand Auditorium. (524 1516).

NEW YORK

New York Philharmonic (Avery Fisher): conductor, Rafael Kubelik; soprano, Benita Valente; mezzosoprano, Claudia Catania; tenor, Philip Creech; baritone Wolfgang Schoene; violins Charles Rex and Kenneth Gordon; Westminster Choir directed by Joseph Flummerfelt: All-Bach programme (Tue). Lincoln Center. (874 2424).

Carnegie Hall: The Choral Celebration of Bach; conductor, John Nelson: All-Bach programme (Wed). (247 7459).

National Chorale Soloists (Merkin): conductor, Martin Josman: All-Purcell programme (Wed). Abraham Goodman House, 67th W. of Broadway. (869 0970).

WASHINGTON

National Symphony (Concert Hall): conductor, Erich Kunzel: Pop concert featuring the work of Rogers and Hammerstein (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (*Orchestra Hall*): conductor, Sir Georg Solti; soprano, Margaret Price: mezzosoprano, Brigitte Fassbaender; tenors, Anthony Rolfe Johnson and Thomas Moser; baritone, Wolfgang Schoene; base-baritone, Siegmund Nimsgern; Chicago Symphony Chorus. All-Bach programme (Thur). (435 8122).

Escape Artists/Cockpit

Martin Hoyle

The Bristol-based Avon Touring Theatre company has a number of shows in its repertoire that obviously are tightly-scripted, well thought-out and committed to a young audience, especially those in areas where *live theatre is a rarity*. It must be depressing to play to the unlovable adolescents of Lisson Grove in the little Cockpit, Gateforth Street, near Marylebone.

Without exaggerating the importance of the minority inclined to jeer, swear, smoke, barrack the players and squabble, foul-mouthed, among themselves, I cannot believe all young audiences are as moronically unreceptive as this. And before anyone writes to me, I must add that these particular 13 and 14-year-olds seemed to suffer less from under-privilege than mean-mindedness, lack of imagination and, a terrifying inability to concentrate for more than 30 seconds—not necessarily concomitants of living in London NW8.

A minority, then, but disruptive and ungracious in view of *Avon* Touring's quartet of young misfits in search of self-fulfilment, presented in a free-wheeling style with language not exactly heightened but elliptical and concise.

The 30-year-old mother of a recently dead teenager, the boy's blue-lipped, spike-haired girl-friend and a brain-damaged motor-bike *freak* hit the road like updated travellers to Oz, except that they have no particular destination. They fall in with the fast-talking AK, horn-rims, leopard-skin shoes and bootlace tie underlining his Mitty-ish fantasy of being a successful pop entrepreneur. They form a group and play a triumphant—well, rough and ready—gig.

Neither as simplistically cheerful as the ending, nor as grimly earnest as its beginning, would *imply*. Vince Foxall's writing is taut, with moments of wit (greeted by most of this audience with pudding-like incomprehension). Paddy Cunneen, who crops up everywhere from Shakespeare in Liverpool to the tented Bubble Theatre, provides the music; and Cath Fitzgerald the ingenious all-purpose set of platforms decked with dismembered bike-parts that double as percussion.

Claire Grove directs an unquestionably talented cast — Trevor Brohier, Virginia Radcliffe, Liz Stooke, Stephen Woodward; and the company would obviously be worth watching in *Shadow of a Doubt*, a nightmare depiction of innocence caught up in the legal system. With a less mindless audience, naturally.

Saleroom/Antony Thorncroft

Strad for sale—and pipes

Musical instrument sales are always rather special occasions. Many of the buyers are players — rich amateurs or not-so-rich professionals—eager to acquire an instrument made by a revered name. Not many can afford a Strad or a Guarneri, and one of the biggest problems facing a young musician is the high cost of a really good instrument. But if the cash can be raised somehow — and there are trusts and charities to help —the instrument is certain to prove a good investment.

On Wednesday, Sotheby's is *selling a* violin by Stradivari. Known as the "Jules Falk," it was made in Cremona around 1723, and was bought by Falk in 1907. Its estimate stretches up to £300,000 (the record is £396,000).

Other instruments carry much more modest forecasts. An early small spinet, made in London in 1708 by Stephen Keene, is not expected to sell for more than £6,000; while two very fine recorders — one early-18th century treble made by Urquhart, the other a descant of the same period, but French — could each sell for £5,000.

More esoteric tastes are catered for by a set of Robert Reid Northumbrian pipes (estimate up to £1,500), a set of Scottish pastoral pipes of around 1830 (estimate £2,000), and a pair of *18th*-century kettle drums, probably German, which might make £2,500.

Christie's sale, a day earlier, contains two violins by the Guarneri family. One, made in 1706 by Joseph, was owned by the French 19th-century virtuoso de Beriot, while the other was made by Peter in 1707. Each should fetch £100,000.

Sotheby's main Old Master picture sale of the spring takes place on Wednesday. An oil sketch by Rubens of the "Martyrdom of St Ursula and the Thousand Virgins," which comes from an English collection, should make the top price of £300,000; but more interest centres on a recently rediscovered work by the Italian 17th-century artist Guido Reni. His "David with the head of Goliath" is a reworking of the same composition in the Louvre. Pictures by this Bolognese baroque master are rare at auction and this example, coming from a Scottish house, should go for at least £250,000.

In the same price bracket are a romantic landscape by Jacob van Ruysdael, which had been in an English family for over two centuries, and "Hercules at the parting of the ways" by Cranach the Elder.

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NANCIAL TIMES
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Monday April 1 1985

Awkward point in money policy

THE EXTRAORDINARY. ronfusion in the British financial markets over short interest rates last week—a confusion which is still unresolved—reflects something more than the usual anxiety of market participants for a clear signal from those in authority. It reflects some disagreements, and indeed a degree of genuine hewilderment, among the officials involved, hoth about monetary targets and about the technical means of hitting them. There is no disagreement about the real objectives of policy—a steady and predictable growth of nominal GDP, a stable or preferably falling rate of inflation, and an exchange rate against competitors which is demanding without heing crushing.

Even these very broad objectives can pose dilemmas, and this happened last Thursday. The sharp rise in sterling against European currencies (its exchange rate against a weak and feverish dollar is purely a side issue) looked sufficiently threatening to over-ride other considerations. This produced a rather sudden change of mind about interest rates, which were allowed to fall a little sooner than had been planned. This would have been accepted as an admirable piece of footwork in rather difficult conditions had not the markets earlier been led to believe that money rates were heing maintained at a high level for purely domestic reasons, in an effort to check the very rapid expansion of bank credit and head off the threat of an overshoot in the growth of the broad measures of money.

Broad measures

Here we are in much deeper waters. The broad measures of money are purely subsidiary targets, and the growth of bank credit is not officially targeted at all. The relation of broad money to anything in the real economy is still largely a mystery—in the terms used by official economists, it has a highly unstable velocity.

To make matters worse, both money and credits are distorted to an unknown extent in the UK by the methods at present used to control their growth. Worse still, it is far from clear how interest rates ought to be managed in order to control them. In the short run it is known that a rise in rates accelerates the growth of both broad money and credit; and as was found in 1980 and 1981, that short-run effect can last for quite a long time. It has yet to be proved that high rates will choke off demand even in the longer run, though commonsense suggests it. There is argument, therefore, on the basic question of whether we should worry about these numbers at all—for fear, for example, that excessive growth will raise fears of inflation; and even if we should worry, what should be done?

These questions have come to a head because the technique used in recent years to massage the figures, known as over-funding, is beginning to run into difficulties. The technique is to sell Government bonds to the public to mop up money, and invest the proceeds in commercial paper, so that the authorities are in effect doing funding which corporate treasurers are reluctant to do.

Strange results

This worked smoothly as long as most companies had a large need to borrow; but it can produce some strange results when, as at present, the sector has on average, healthy profits and cash flow. The Bank of England's efforts to buy bills drives down the interest rates on these instruments until borrowers who can command fine rates—those, that is, with no need to borrow—can make a risk-free profit by borrowing on bills and redepositing the proceeds.

Everyone agrees that this happens at the margin; but while the authorities believe it is an insignificant fringe market, many participants think that it is much bigger. Even if no numbers can be put to it, the effect is clear: it inflates the figure for borrowing, and leaves the money supply where it was. Part of the overshoot, then, is pure technical nonsense.

The problem is how to stop. For a time recently the authorities had hoped that the strange yield curve they have imposed would persuade companies to re-enter the long bond market; but the exchange markets are no respectors of leisurely experiment. The newly-announced intention to re-open the corporate short bond market is much more promising; but even after two years' work, there is technical rubble to be cleared. The export credit market and the re-routing of other public sector borrowings could offer further channels outside the bill market to re-cycle the Government's excess cash. In the end, no doubt, such technical changes will come nearer to catching up with events. But life would be much simpler if less attention were paid by everyone concerned to these intermediate and distorted numbers. The exchange markets and the inflation rate carry much more reliable messages.

The challenge of EEC enlargement

THE CONCLUSION of the European Community's membership negotiations with Spain and Portugal must be welcomed, because in the end there was and is no alternative to what is probably the final enlargement of the EEC.

But any truthful assessment of this landmark is bound to be a *bouquet garni* of conflicting judgments in which relief and hope are mixed with regret and anxiety. Perhaps the decisive judgment is that the Ten have very little time left for ensuring that this enlargement does not prove an anachronistic brake on the Community's forward-looking development.

Many years ago, member states explicitly welcomed the applications of the new Iberian democracies on political grounds. When they belatedly considered the practical consequences their enthusiasms wilted; hence the interminable negotiations and the toughness of the terms of entry.

Political virtue

The paradox is that the political arguments were directed at the need to endorse democracy in Spain and Portugal, as if the Community was in the business of conferring prizes for political virtue. It was less often asked whether the admission of two new members was likely to make a positive contribution to the political strengthening of the Community itself.

It is only recently that this question has acquired real saliency; because it is only recently that a majority of the member states have started to show real interest in giving the European enterprise a new political and economic shove forward. There is bound to be tension between the demands of the more dynamic communities and the teething problems of new members.

There are four main problems. This enlargement will tend to reinforce once more the undesirable strength of the agricultural lobby: the rigour of the entry terms risks promoting demands for yet another distracting renegotiation, as happened with Britain and Greece; the relative poverty of the new members will exacerbate tensions of economic divergence, and the enlarged membership can only add to the difficulties of decision-making.

Compensations

These predictable difficulties should be offset by some compensations. Many member states now believe that defence and security need to be additional dimensions of the European enterprise; the entry agreement should make it easier for Spain to stay inside Nato, while Portugal has already shown interest in joining the seven-nation Western European Union Defence Grouping. Spain and Portugal will not necessarily be as reticent about the political dimensions of Europe as Greece, Denmark, Ireland or even Britain.

Nevertheless, it is essential that the Community establish the thrust of its revitalisation before the arrival of the problems of enlargement; there is very little time before next January. This means that the Ten must urgently agree both on a plausible programme of action for closer political and economic integration, and on the institutional reforms which would make it attainable. The top priorities are to adopt majority voting, or majority action, as the norm; and to intensify co-operation at the political level, starting with security, defence and disarmament.

These priorities impose particular responsibility on France and Germany, for not emphasising Euro-babble at the expense of practical politics; and on Britain for not resisting attainable political progress on illusory grounds of national sovereignty or for reasons of smug scepticism.

Foreign Affairs

A Cheshire cat's nuclear strategy

Ian Davidson, on why the U.S. Star Wars initiative could lead to a dispute with Europe

Mr Paul Nitze, "the grand old man of American arms control"

UNTIL QUITE recently, President Reagan's "star wars" Strategic Defence Initiative was regarded in Nato's European capitals with quiet concern, but not yet with alarm. It now looks as though it may precipitate between Europe and the U.S. the biggest debate for 20 years on the essential ingredients of Western security strategy.

One sign is that European leaders are now publicly criticising the SDI; another is that European governments are beginning, with gingerly caution, to consult together on how best to react to it. If this debate gathers momentum, it may turn into an open dispute, with unpredictable consequences for relations within the Atlantic Alliance.

What is surprising is that the first signals of such a debate have come upon us so quickly. Until quite recently, European governments preferred to bite back their long-standing reservations about the Strategic Defence Initiative, because their main hopes and fears were focused on the resumed arms talks in Geneva. It was easy to predict that the Russians would continue to wage a propaganda campaign against SDI, and there was widespread apprehension that they would seek to use the Geneva negotiations to drive a wedge between Europe and the U.S.

Accordingly, Mrs Thatcher last December negotiated a four-point agreement with President Reagan which was designed to straddle the twin objectives of Alliance loyalty and implicit reservations about SDI: research was fine, but deployment of anti-missile defences would have to be negotiated with the Russians. Having laid down this dual marker, Britain and its European partners seemed to be preparing to hunker down for the worst the Soviet propaganda machine could throw at the Alliance.

That scenario has been overtaken by events. Even before the Geneva talks had moved from arguments over procedure to discussions on issues of substance, and well before the tabling of any dazzling Russian offers, Sir Geoffrey Howe chose to deliver a speech openly questioning a series of aspects of the SDI programme in its implications for strategy; and he was quickly followed by Hans-Dietrich Genscher, the German Foreign Minister, whose scepticism about SDI contrasted with the jovial support previously voiced by Chancellor Helmut Kohl.

It is still not entirely clear why Sir Geoffrey chose at this time to come out with a speech which was perceived by Mr Richard Perle, one of the Pentagon's super-hawks, as an unfriendly attack on U.S. policy. It is suggested in Whitehall that the timing was largely dictated by the scheduling of a series of other speeches—that it had, in some sense, to be got out of the way in the face of a log-jam of other engagements. Such an explanation hardly carries conviction.

It is plausible to suppose that the Foreign Secretary had been persuaded that an Alliance debate on the ramifications of SDI for long-term strategy was unavoidable, sooner or later, regardless of what happened in the Geneva arms talks, and that the longer such a debate was postponed, the greater the risk that the SDI research programme would acquire an unstoppable momentum which would spill over into strategic implementation. In any case, it would be cleaner to launch the debate right away, before the issues could be muddied by propaganda claims and counter-claims from the Soviet and U.S. delegations in Geneva, both of which might in some degree appear suspect and self-serving to European governments.

For there are two distinct, if connected, sets of issues. The first, in time, is that of arms control. But the second issue is more fundamental: is SDI simply a research programme,

A scenario that has been overtaken by events

or does it represent a shift in U.S. nuclear strategy? If it is, in intention, a shift in strategy — and that is how it is beginning to look — then arms control could be one of the casualties (though the U.S. Administration claims otherwise). But the other casualty could be the support of the European members of the Alliance, and that would be much more serious.

Arms control has had, at best, a patchy record. It has certainly not succeeded in slowing down the arms race, let alone in reducing the arsenals of the two superpowers. Yet for the time being the nuclear balance appears, despite the alarms of the right wing in the U.S., to be as stable as ever.

Public opinion on both sides of the Atlantic would be enormously relieved if the superpowers were able to agree on a substantial reduction in nuclear weapons. But the most pressing problem is not that the Geneva talks may fail to provide the gestures of reassurance that all desire; it is that the basis for nuclear stability may be undermined by the adoption, on the strength of Ronald Reagan's wish for a nuclear-free world, of a new strategic theory in Washington.

The last major change in U.S. nuclear strategy took place in the 1960s, and that was the shift (in response to growing Soviet nuclear power) from "massive retaliation" to "flexible response," in Europe as at the strategic level. The objective at both levels was to discover intermediate options between surrender and the holocaust; but in Nato the negotiation of this shift took seven years, from 1960 to 1967, and it led to General de Gaulle's decision to take France out of Nato.

Has the U.S. changed its nuclear strategy? Like the Cheshire Cat, the answer to this question comes and goes, varying from one administration spokesman to another, or even within the confines of a single speech. Yet from the strength of the administration's public push behind the SDI research programme, and from the enthusiasm with which they advertise the advantages which they claim would follow from successful implementation, it has become impossible to doubt that they *want* a new strategy based on a much larger ingredient of anti-missile defence than at present.

Speaking to a visiting group of Nato journalists recently, Mr Perle adopted a judiciously agnostic posture on the possible results of the research programme: "We don't know, now, whether it will prove possible to develop a technically competent and affordable strategic defence that would be in our interests to deploy." But if one judges by the weight of the political salesmanship in Europe, most recently from Mr Caspar Weinberger, the U.S. Defence Secretary, with his summary invitation to European governments to declare their interest in taking part in the SDI research programme within 60 days, one must conclude that such agnosticism is purely cosmetic. "The question in their minds," according to a European diplomat, "is not whether, but how."

Mr Paul Nitze, the grand old man of American arms control and the most authoritative exponent of the administration's new "strategic concept," laid out his ideas in some detail in last Thursday's Alastair Buchan memorial lecture in London. He did his best to be reassuring, as well as Utopian. SDI was not an attempt to achieve strategic superiority; it would provide an incentive for arms control; it would involve a co-operative relationship with the Soviet Union, so as to manage the transition towards a more defence-based balance; and in any case, the present structure of mutual deterrence, based on the threat of nuclear retaliation, would necessarily obtain "for many, many years."

Mr Nitze makes the best possible use of his material, but it is not very reassuring material, because it depends too much on faith, hope and charity: faith in the can-do of American technology, hope that the Russians will play along, and charity from the sceptical Europeans. Moreover, it is not *a* new strategy which Mr Nitze is describing, but a sliding scale of possible new strategies, each of which has different implications.

At one extreme, and most easily accessible, might be a partial defence of a limited number of targets; if these included missile silos and vital command-and-control centres, such a defence might be stabilising in certain circumstances, if it reduced fears of pre-emptive first-strike. At the other extreme might be total defence of the U.S., and its allies, and Mr Nitze professes to hope for an eventual nuclear-free world. The trouble is that no government could ever *know* that its defences were perfect, so unless there is an outbreak of perfect brotherhood, a nuclear-free world is unattainable.

Since the *certainty* of perfect defence is unattainable, the primary European fear is of destabilising asymmetry between the super-powers. If the Russians refuse to be persuaded of the virtues of one of the U.S. administration's possible new strategies, and if they fear they cannot match U.S. technology, then, so far from agreeing to arms reductions, they will seek to swamp any U.S. defence through force multiplication. The idyllic world of Mr Nitze would be replaced by a double arms race, in defensive as well as offensive weapons, on an entirely unprecedented scale.

Averting this outcome thus depends on an agreement with the Soviet Union. Yet Mr Nitze

In principle, the Europeans have no leverage

and other U.S. spokesmen make it clear that this administration, at least, would not permit Soviet objections to deter the U.S. from deploying new defensive systems.

In principle, the European governments have no leverage for influencing America's strategic doctrines. As in the past, the U.S. professes to be eager to consult its European allies; as in the past, consultation risks being a one-way street. There is an established mechanism—the Special Consultative Group—for mutual consultation on arms control for Euro-missiles and, since Euro-missiles are part of a larger negotiation encompassing strategic systems as well as space/defence, some Europeans believe they could get access to the larger negotiating strategy. But when you ask U.S. officials about the future role of the SCG, they invariably reply, defensively: "That's a very good question."

Because of the Cheshire Cat nature of the new American strategies, it is impossible for any European government to have a meaningful dialogue on the subject with Washington. Unless they are prepared to bow down in blind loyalty to U.S. leadership, therefore, it is almost inevitable that a number of European governments will want to have a dialogue with each other.

Very little concerted dialogue of this kind has so far taken place, because some European governments are excessively nervous of upsetting their American ally. A few days ago there was a European discussion meeting of officials in Bonn; the U.S., forewarned, had the brass neck to write reproving letters to the participants.

But the writing is on the wall. Four years of Reaganism, first with ferocious anti-Soviet rhetoric, now with "star wars," have made Europe increasingly doubtful of the wisdom of American leadership, and increasingly interested in a strengthening of the European half of the Alliance. One symptom is the attempt to revitalise the seven-nation Western European Union, which holds its second ministerial meeting in Bonn later this month. Another is the Dooge report on the revitalisation of the European Community, which calls for joint discussions on "weapons technology and strategic doctrines . . . and the progress of negotiations on disarmament and arms control."

The White House has firmly denied reports that it is seeking a joint alliance statement on SDI. Yet the idea probably came from U.S. diplomats in Europe, who saw the negotiation of such a statement as a way of bridging a growing Euro-American rift. Senior Washington officials believe, or believed until a fortnight ago, that the Administration would wish to consult particularly closely with the British Government, because of Ronald Reagan's personal esteem for Mrs Thatcher. But Sir Geoffrey's speech suggests that British loyalty is no longer as unconditional as it once was thought to be. Who knows, perhaps even the British Government is starting to think of itself as a European power among Europeans.

Men and Matters

Wider smiles in Tokyo

Brokers' reports cannot normally be relied upon to raise a laugh. But readers of those about the Japanese market are in luck.

Two British brokerage houses are about to compete in missions to amuse as well as to advise. One man, Simon Grove, holds the key to the tale.

Until now the monopoly of the lighter side of the Japanese market has been held by Grieveson Grant in its Weekly Japanese Review, with a series of "tailpieces."

They have been very much Grove's own handiwork ever since the bewhiskered Japanophile left the British diplomatic-military service in 1974 to turn his hand to Japanese finance.

Now he is switching to De Zoete and Bevan to run its new Tokyo operation and, he says, he has every intention of taking his talent to amuse with him.

Grove says of his departure from Grievesons, which has followed its absorption by Kleinwort Benson: "Kleinworts wanted to swallow our 20 local professional staff with their 10. The merger led me to seek other employment."

He insists that there are "no hard feelings" thus glossing over what was, in reality, a hitter power struggle.

The British brokerage community in Tokyo agrees that Grove brings unique talents to the Japanese scene. "A genuine British eccentric," says one. He is also said to get on famously with the Japanese.

Grove himself concedes he is "not a researcher or analyst but a crystal hall gazer always on the lookout for the undiscovered or unthought out." He claims to have picked up some impressive long-shots like the semi-bankrupt railway company on whose land Tokyo Disneyland now stands.

He intends to bring new life to De Zoete's investment reports from Japan. He argues that off-beat stories "have some relevance to Japan even at their most peculiar."

He will have to compete to win back his humour crown. Grievesons have continued the tradition he started and some readers think their "tailpieces" have become even funnier since Grove left.

Moran's moment

Yesterday a butt of political jokes; today a hero. The successful outcome of Spain's EEC entry negotiations has brought a spectacular change of image for Fernando Moran, the Socialist Foreign Minister. Until recently the target for criticism and barbs from all quarters, Moran, aged 59, now finds himself feted for his tenacious all-night bargaining.

A cover cartoon by the weekly Cambio 16 portrays the droppy-eyed minister, spectacles set at the end of his nose and a well-chewed cigarette dangling from his lips, as Don Quixote charging Eiffel Towers disguised as windmills. "The Conquistador of Europe" runs the title.

The magazine, once cutting about his performance, has now awarded him a popularity prize.

For months all the jokes the French use about Belgians, the English about Irishmen, this column about Andorrans, were remodelled in Spanish against Moran. His foreign policy, his ministry and his co-ordination with the Prime Minister's office were all described as a mess. His name was top of the hit list for rumoured Cabinet changes.

A career diplomat, former consul in London and spare-time novelist, Moran came from the Socialist Left and was a backer of Third World causes as well as being an opponent of Nato. The oldest member of a young Cabinet, he saw himself forced not only to shift some of his positions but also to abandon his favourite bow-ties when TV audiences laughed at them.

After a conflict last year over whether Spain should continue to take part in Nato's military committee, the leading newspaper El Pais, broadly pro-government, made a vicious front-page onslaught against him as "the incompetent chief of Spanish diplomacy" and accused him of humiliating the whole Cabinet.

At the end of last week's final negotiations Spanish correspondents in Brussels toasted Moran and sang the hymn of his home region "Asturias, Beloved Homeland."

Even El Pais has limited itself to a rather surly comment that it was not Moran but the Secretary of State for Europe, Manuel Marin, who should really take the credit.

Channel storms

France's best-known female television news presenter, Christine Ockrent, has resigned from the news programme of Antenne 2, the French second national television channel.

Her going is the latest chapter in the stormy evolution taking place in the world of French broadcasting. President Mitterrand has now suggested liberalising television broadcasting in France, has launched an ambitious cable television programme, and is planning to go ahead with a direct television satellite project. France also launched last autumn a pay television channel called Canal Plus—which is losing money.

The national television channels, faced with all this emerging competition, have been indulging in a growing ratings war.

Until a few months ago, Antenne 2 was way ahead in the lead in the French television ratings. But the rival TF-1 first channel has been steadily climbing back, and now appears to have edged Antenne 2 from the top of the ratings league.

Since taking over the evening news, Ockrent played a major role in Antenne 2's success in recent years. She gave the news a sharper edge and became the first woman in France to make a major national impact as a newscaster. Previously she had learned her trade with both NBC and the rival U.S. chain CBS.

Ockrent, who will be 41 next month, says she is resigning for professional reasons. But her resignation came the day after Albert du Roy, editor-in-chief of all news on Antenne 2, also stepped down.

Du Roy is a distinguished political commentator who also contributed in establishing Antenne 2's reputation as France's leading news channel.

Ockrent says she asked the chairman of the channel for guarantees to enable her to continue working "in the same spirit" that had prevailed in the channel during the last three years. But she was not given those guarantees.

Pants down

And now the leather mountain. Worries in Bavarian trade circles about mounting stocks of unsold leather has forced the makers of Lederhosen—the traditional leather shorts—to adopt a new marketing strategy, the West German embassy informs me.

Henceforth, the legs of all Lederhosen will be made 5-inches longer, almost down to the knees in fact.

And in Upper Bavaria, states the embassy, there is to be a test-marketing of Lederhosen for women—no doubt to see if they too can rub along in this unusual garb. It will open on April 1 1886.

Observer

ECONOMIC VIEWPOINT

A new twist to old policies

By Samuel Brittan

THERE ARE those who argue that if we stick to sound internal policies, the exchange rate can be left to take care of itself. In the long run that may well be true; but significant movements in the exchange rate, whatever their cause, can have a short-term impact on the general price level and on inflationary expectations. This process can acquire a momentum of its own, making sound internal policies harder to implement. So benign neglect is not an option.

—UK Budget speech, March 19.

IN MANY countries, and even to some extent in the U.S., there has been a cautious and partial move towards "McKinnonism," a doctrine named after Prof Ronald McKinnon of Stanford University in California.

The form that this takes, which is far removed from the pure milk of McKinnon's own writings, is to give some weight to the exchange rate, as well as to domestic objectives, in framing monetary policy.

The last British Budget speech provided an example of the new stance. But if policy is not to be given an unnecessarily restrictive bias, it should be reasonably symmetrical.

If benign neglect is not an option when sterling is falling, it should not be an option when sterling is rising. Otherwise policy really would have too restrictive a bias.

Just as it was right to raise UK interest rates when sterling looked as if it might fall over a cliff, it will be right to let UK interest rates fall to put a brake on any excessive upward movement of the pound.

Just as too rapid a fall in sterling tends to boost inflationary expectations (and actual inflation as conventionally recorded), so too rapid a rise tends to weaken international competitiveness (as we saw in extreme form in the UK in 1979-80 and are seeing in the U.S. now) and to a slowdown in the growth of the national income in nominal, and to some extent, real terms.

The recent exchange rate movement has in fact been more a fall in the dollar than a rise in sterling, although there has been some of the latter as well. Sterling has regained near all the ground it lost against the D-Mark and the EMS currencies in 1984 and early 1985. On a trade-weighted basis, it is little lower than a year ago.

One does not have to be an enthusiast for depreciation not to want the "recovery" to go too much further. The official figures for the rise in UK manufacturing labour costs over the past year — 5 per cent compared with stability or falls in the U.S., Japan or Germany—may be slightly exaggerated. But they do not suggest there is a lot of room for further appreciation, given the long and imperfect feedback from exchange rates to pay.

The Bank of England should now more forcefully endorse the decisions of those banks that have reduced their base rates to 13 per cent. This still represents a pre-tax real rate of interest of 8 per cent and should not remain at that height longer than necessary.

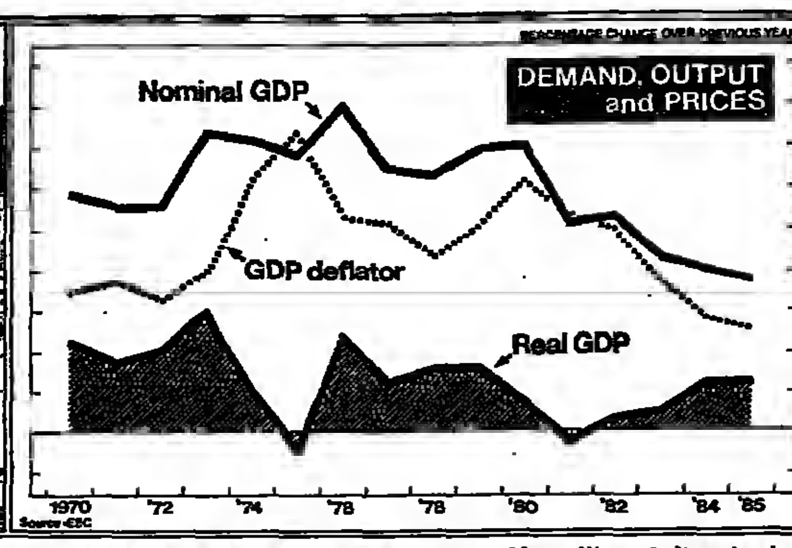
The worst argument for holding interest rates up is that a fall may have to be reversed. Movement is of the nature of all prices, interest rates included.

Nor, if the trend of sterling is satisfactory or better, should the Bank be inhibited in interest rate cuts because the broad monetary aggregates are at the upper end of the range. There is an incipient dispute between the Treasury and Bank here. Paragraph 2.05 of the Financial Statement (Red Book), pointed out that households have increased their holdings of liquid financial assets as a form of (medium-term) savings, and this build-up has "been consistent with lower inflation and a steady decline in the growth of Nominal GDP. As a result the significance of the broad aggregates as monetary indicators have somewhat diminished."

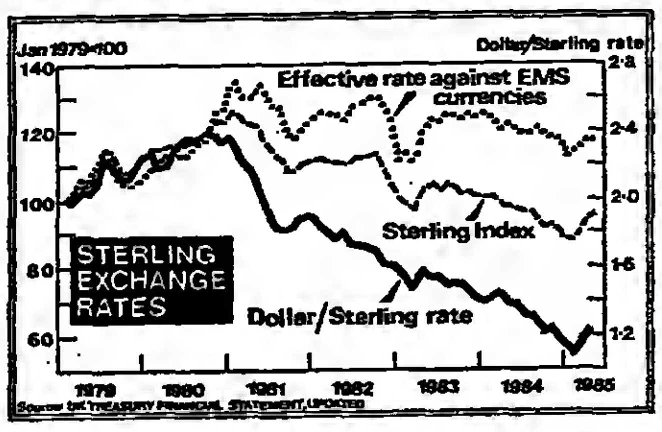
The Bank is unhappy about this passage — a curious reversal of the row of 1980 when Treasury Ministers were attached to Sterling M3 and the Bank fought to get them off the hook. (Moreover, it was not very long ago that the Bank itself was scornful of the effects of high interest rates in curbing either bank lending on the wider aggregates.)

The Bank is probably motivated by the increased difficulty of massaging Sterling M3 downwards, as its bill mountain rises. It is also pre-occupied with the behaviour of bank credit, which is unlikely to be a good guide to future inflationary trends.

It is important that the Treasury should fight back in terms of its broader objectives for Nominal GDP and the exchange rate rather than in terms of its preferred indicator of Mo (notes and coins plus bankers' deposits at the Bank of England) which has only a "black box" and disputable relation to policy objectives, and is liable, like all such aggregates, to give false signals and at a crucial moment. The most sensible attitude to the monetary aggregates is that suggested by Greenwells: a large number should be examined both for forward signals and distortions, but none religiously followed.



When they meet in Palermo the weekend after next, Community Finance Ministers ought to consider calling a halt to the decline in the growth of EEC nominal demand



The more important question is whether the policy aim for Nominal GDP is too tight. This is best considered in an EEC context, especially as EEC Finance Ministers will be meeting informally in Palermo the weekend after Easter.

The upper chart, which incorporates EEC forecasts for 1985, encapsulates European macro-economic performance particularly well, enabling us to focus on common trends which stand out behind the vagaries of individual members' experience.

The following generalisations suggest themselves:

1. The major setbacks, both in 1974-75 and in 1980-81, were associated with supply shocks, in these cases oil price explosions. Subsequent recoveries have not been sufficient to make up for the output and jobs lost then.

2. During the first shock, policy was accommodative. Demand was allowed to rise in the hope of offsetting recessionary forces. During the second shock on the other hand, Government gave priority to counter-inflationary policies which reduced the growth of Nominal GDP. Neither strategy averted a severe loss of output and jobs.

3. The doctrine of the Chancellor's Mais Lecture, that demand management affects inflation, and supply-side policies determine output and jobs, may be true in the long-run steady state. But when a fall in nominal demand growth is sharp or prolonged, real growth suffers. Repeated shortfalls in output can feed through into long-term performance by means of hysteresis—an ugly but convenient word for processes such as the destruction of capacity and the atrophy of skills and work habits.

Those countries with low inflation and low growth of nominal demand should be encouraged to relax their policies slightly. The two countries with lowest likely nominal demand growth are Germany and the Netherlands (below 5 per cent and just over 3 per cent respectively).

In the case of the UK and France, there is an argument for avoiding the 1 per cent decline in nominal GDP growth now forecast for 1986, which will mean some corrective action well inside 1985.

Outside the Community there is a case for easing Japanese policy.

Whether the required relaxation is fiscal or monetary must depend on individual circumstances, including the direction of exchange rate pressures. But whatever the mix of action, the risks will still be lower if several countries act simultaneously.

The argument for some stimulus will, of course, be stronger (a) if the U.S. economy really does slow down, which is still far from certain; and (b) if, as a result of a falling dollar, the U.S. stops exporting inflation and starts to import it instead.

But even without taking a firm view on U.S. developments, the risk of unemployment, even higher than that made inevitable by ossified labour markets, is greater in the EEC than the inflationary risks of excessive nominal demand growth.

I am sorry to hold up the reader by so often inserting the word "nominal" which by now ought to be taken for granted. But those who want a slight policy-easing will strengthen their case if they differentiate themselves as strongly as possible from those who still talk the language of the 1960s and ask for "a measure of reflation." This is a language which attributes to governments a power which they do not necessarily possess and diverts attention from the monetary flows over which they can legitimately aspire to have some influence.

Lombard

Self-regulation or self-interest

By Barry Riley

MR NORMAN TEBBIT, Secretary of State for Trade and Industry, has stunned a large section of the financial community by appointing Mr Mark Weinberg as chairman of the organising committee of the proposed Marketing of Investments Board.

Mr Weinberg is famous for building up one of the more aggressive direct selling life offices, Hambro Life. For some three days a week, he will continue to run this business.

Of course, the body being set up is only the organising committee, not the MIB itself. It is far from clear that the MIB will ever be established as an independent body at all; it may be submerged within the more broadly-based Securities and Investments Board. But the organising committee must have a powerful influence on whatever permanent structure emerges. The Government appears to have started on the wrong foot.

Any self-regulatory approach to investor protection inevitably involves a delicate balancing act. The trade-off is that, by policing itself, the financial sector avoids clumsy and inflexible regulation directly by the Government, but in return must restrain its more racy activities. This applies both to sharp selling practices, and to anti-competitive cartelisation.

The process can only work through a consensus. It was therefore essential that the MIB organising committee's chairman and committee members should have been widely acceptable throughout the financial services industry as well as to the public at large. They should have been viewed as responding to a broad constituency, and not dominated by any one particular sector.

In spite of the inclusion of an accountant and a consumers' representative, this is not how the committee is being seen. It is perceived as dominated by the harder selling end of the life assurance industry, to the extent that interest groups such as the unit trusts, the building societies and the broker-oriented traditional life offices are now howling for fairer representation.

The obvious way to have avoided such a reaction would have been to have appointed a neutral chairman — just as the man chosen to head the SIB, Sir Kenneth Berrill, has broad experience in many fields.

That such a course was not followed can only intensify suspicions that the concept of a separate MIB — which first emerged publicly last summer — arose primarily in response to special pleading by the life assurance industry.

The official justification for establishing an independent MIB is that it will have unique problems in dealing with thousands of assorted agents, brokers and salesmen all over the country, while the SIB will regulate more coherent groups of specialist professionals concentrated, in relatively small numbers, in the markets of the City of London.

An alternative explanation, however, is that the life assurance industry is little short of desperate to avoid having to meet the same standards of disclosure and restrictions on sales techniques as the SIB is likely to impose upon dealers in securities.

Life assurance companies believe that a requirement to disclose commission levels would have a damaging, and perhaps devastating, effect on the level of new business. The White Paper already concedes that tied agents need not disclose their remuneration and incentives.

Meanwhile, many in the unit trust industry, where it has been the longstanding practice to disclose not just sales commissions but a range of internal charges, too, are reluctant to be forced by competition and the influence of a life-dominated MIB to emulate life assurance practices.

There are now many in the financial markets who are apprehensive about the prospects of success for the Government's new investor protection framework. Sir Kenneth Berrill did not create the best initial impression by playing down his watchdog role; now there are the doubts about the credibility of the MIB. These are still early days. But as the new system takes shape Mr Tebbit will need to show a clearer commitment to the protection of investors.

Letters to the Editor

Encouraging high-tech

From the chairman of United Leasing

Sir,—The decision to lift the moratorium on the Support for Innovation scheme has to be welcomed, if only to prove that this Government has not totally abandoned the high technology industries. The impression remains, however, that Mr Pattie's policies are haphazard in concept and seem to lack any cohesive strategy.

Having clobbered those universities which were taking the greatest initiatives in transferring technology from academia to industry, and then having removed accelerated tax depreciation from equipment which by its nature is subject to rapid obsolescence, is it any wonder that the new industries are passing Britain by?

To encourage the development and usage of the emerging technologies, bold initiatives need to be taken. First and foremost the most massive efforts must be made to raise technological awareness and to enhance computer related skills throughout the population, almost from cradle to grave. Secondly, enhanced tax incentives need to be introduced to encourage all industries to utilise advanced equipment in order to improve their productivity.

After years of trial and error, it has to be accepted that government or quasi-government agencies (such as the DTI or BTG) have failed to back those new industries which are so vital for our survival. High technology investments are inherently risky; civil servants and jaded industrialists hardly have the background necessary to make the tough decisions necessary to succeed in this competitive environment. Their propensity is to direct government funds (witness Alvey), into the hands of the large corporations who are so skilful in manoeuvring through Whitehall and so inadequate in producing high quality, market oriented, advanced technology products.

On the other hand the private sector, and in particular the City, has shown an obsessive reluctance to invest large amounts of funding into hi-tech ventures which are often unable to offer positive returns until the middle term.

What is needed is a new national venture. An enterprise which will blend the talents of our more successful businessmen with the funding that only government can bring into effect. This Government's high technology policies are bankrupt, other political parties must lead the way.

Parry Mitchell,
14 Welbeck Street,
London, W1.

Approach to apprenticeship

From the Director of the National Engineering Construction Employers' Association

Sir,—Philip Bassett's article "Lower pay, more jobs" March 26, drew attention to the recent introduction by the electrical contracting industry of a new approach to apprenticeship. It concluded that their deal was unlikely to set a precedent owing to the one-off nature of electrical contracting, with the employers' side fully committed and the EEPTU in a sole bargaining position.

While fully in accord with Mr Bassett's enthusiasm for this new initiative, I wish to correct any impression that it is entirely unique. The engineering construction industry had pioneered a very similar industry-wide apprenticeship scheme before the electrical contracting arrangements were introduced.

Our scheme, known as the National Apprenticeship Scheme for Engineering Construction (Nasec) replaced the existing apprenticeship arrangements which had previously been operated by many different companies. By substituting modest training allowances for the traditionally high apprentice rates, the training cost per person was substantially reduced and the industry was enabled to train more young people. This process was assisted by the elimination of liability for income tax and national insurance contributions.

The new system also enabled the industry to upgrade and standardise the training content of its apprenticeships, with a carefully planned mix of off-the-job training and on-site experience.

My association is proud to have been one of the originators of Nasec, but unlike the EEPTU/ECA deal it was not an agreement between a single trade union and one employers' association. Our deal required the active support of two employers' associations and eight trade unions and is now jointly administered by the National Joint Council for Engineering Construction and the EITB.

The practical value of this scheme to our industry cannot be questioned, but I believe that we may also have set a pattern for the future which could be adopted with advantage by many other sectors of manufacturing industry.

John G. Porter.
Broadway House,
Tothill Street, SW1

Designing for the disabled

From Mr L. Mellinger

Sir,—You recently reported that the Prince of Wales through his Advisory Group on Disability has urged builders to take the needs of disabled people into account when building new homes. I fear that his emotive appeal and the builders' humane response cannot lead to the improvements envisaged. Time, investment and goodwill is likely to be wasted!

Firstly, disability is not easily defined. It includes the paralysed, blind, deaf, incontinent, claustrophobic, the elderly and many other categories, each with specific requirements. It is of course not suggested that homes should be designed with all these disabilities in mind. In practice therefore "the disabled" — like the associated pictorial symbol — generally refers to non-ambulant wheelchair cases; an arbitrary and unjustified limitation. However, even if aid were to be limited to wheelchair cases there are irrefutable reasons why their needs cannot be met in buildings for normal use.

At the headquarters of the Royal Institute of British Architects, after much deliberation, ramped access was recently provided between the pavement and the elevated main doors; although the doors themselves, the lift inside, the library, the bookshop, the lavatories and cloakrooms are not appropriate for chairborne visitors. Surely to embellish the building with an external ramp, when the functional elements remain inaccessible, underlines rather than ameliorates the handicap.

The most prevalent disability: defective eyesight, is helped not by adaptation of the norm, not by newspapers in giant print, but by the invention of glasses which assist the disabled at the source of their personal defect. Architects must realise their professional limits and then learn only to take instructions, no matter from what authority, when they can satisfy well-defined needs.

Lucas Mellinger,
4, Kew Green,
Richmond, Surrey

Electricity and the dustbins

From Mr P. Kreamer,

Sir,—In his reply to my letter of March 20, Mr Normandale (three cheers for vested interest) has gone a bit over the top in his reply. Were it not for the do-gooders taking up so much CEGB time and effort over Sizewell, Sir Walter might by this time be generating some of our electricity from burning the contents of our dustbins (3 tons = 1 ton of coal). Empty milk cartons have a higher calorific value than empty sauce bottles (much higher) so their addition to the waste stream would further raise the fuel value of refuse.

Most other cities in Europe burns its rubbish and recovers the heat, often converting it to electricity. Here, in London alone, more than 1m tons of coal equivalent annually and expensively goes to waste. Its productive pollution-free use only needs a little Marshall aid.

Peter Kreamer,
39, Bell Lane,
Elton Wich, Windsor,
Berks.

When CGT is not so simple

From Mr S. W. Penwill

Sir,—The proposal by the Chancellor to allow indexation of gains on investments based on 1982 values is said by him to simplify matters for the individual taxpayer.

While even this minimal concession is welcome but makes little difference to shares held over 20 years or more, simplication it is not. Most shareholders have a record of the cost price of their holdings: now, in order to apply the new concessions they will have to find out what the market price was, presumably on March 31, 1982, and compare this with cost or will the Inspector of Taxes be expected to deal automatically with this additional work?

How does the Chancellor arrive at a figure of 15,000 removed from Capital Gains Tax by this move, as the tax is to a great extent a voluntary one. Does he mean that 15,000 CGT payers made the mistake of marginally exceeding the exempted limit of gains! It would be interesting to know how many individuals paid capital gains tax, the total amount collected and the cost of collection.

S. W. Penwill.
Room 5.23,
76, Shoe Lane, EC4

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FINANCIAL TIMES

Monday April 1 1985

Terry Byland on Wall Street

Investors recover confidence

WALL STREET has been in a nervy mood for some time, but there were signs last week that professional investors were forming a consensus. Few analysts expect the stock market to resume the meteoric rise of January but confidence in the bull phase appears to have rallied after the brief shakeout caused by nervousness over first-quarter corporate earnings.

Last week views crystallised in the credit markets on the outlook for interest rates and Federal Reserve policies. The first serious signs of a slide in the value of the dollar were also evident.

The fall in long-term bond yields, which were already about 200 basis points down from the peaks of lest summer, was in tandem with the slide in the dollar but also reflected other factors. The Fed's open market operations, with comments from Preston Martin and Martha Seger, seemed to indicate thet the board intends to keep a light hand on the tiller.

Lower interest rates were the driving force behind the upturn in the stock market at the beginning of the year, and a further slide could only benefit profits and share prices. The reasons behind the latest downturn in rates have different significance for different sectors of the stock market, however.

Slower growth in the U.S. economy might be good for interest rates but perbaps not for food and other *consumer* stocks which have already had a disappointing first quarter. It would not be so good for the airlines, which bave been profiting from the strong domestic traffic linked to the economic upturn expecially now that oil prices are firming again.

Oppenheimer, which has run the tape over the stock market this week, believes airline traffic weakness will begin to show itself in the third and fourth quarters of the year.

The banks and other financial sector stocks, which were the first to benefit from the fall in interest rates in the December quarter of last year, may also find themselves under a cloud.

Wall Street seems to be less worried than overseas investors about either the Ohio state thrift problems or the local difficulties at some Texan banks.

Problems there are, however, and last week brought a fresh chill of nervousness over the U.S. banking *involvement in Brazil's economic* plight. Brokerage houses were already taking clients out of financial stocks before these new problems surfaced and this sector will find it bard to renew the strength of the previous three months.

The broad range of industrial stocks continue, bowever, to attract bealthy comments from Wall Street. Oppenheimer's Mr Charles Comer sums up the situation with the comment: "The overall bull market remains intact." Mr Phil Rettew of *Merrill Lynch sees the market* "healthy enough for the index to struggle up towards 1300 again."

The slide in the dollar has come at a most propitious time for Wall Street, which was badly unsettled at the beginning of the week when first IBM and then Minnesota Mining & Manufacturing warned that the strength of the U.S. currency had taken a bite out of first-quarter profits.

The fall in the dollar, even if it represents the beginning of a radical realignment of the U.S. currency, has come too late to restore corporate earnings for the first quarter. It would, however, have immediate effect on the export sales prospects of a bost of major U.S. corporations.

The technology sector, which has become the standard bearer of the stock markets of the 1980s, took a battering after IBM's warnings on the dollar. Digital Equipmant and Data General, for example, take about one third of their sales outside the U.S.

Pharmaceutical issues, with more than half their sales overseas, are the other beneficiaries of a weaker dollar, although their stocks have repeatedly outperformed the market even when the dollar was strong.

Even if the dollar and U.S. interest rates continue to fall there may be some short-term shocks for the stock market. On Friday Control Data disclosed the extent of its involvement in the Ohio state thrift troubles, no doubt there are other warnings on first-quarter earnings in the pipeline.

The stock market was showing all the signs of having discounted much of the trouble, however. Market turnover was rising again last week, when the NYSE daily turnover topped the 100m share mark again, after fading away when the market was falling. Once the first-quarter earnings period is out of the way the outlook could look much bealthier.

Danish rulings impose legal bar on strikers

BY HILARY BARNES IN COPENHAGEN

DENMARK'S minority coalition Government successfully carried its statutory incomes policy measures through parliament, the Volketing, at the weekend, putting a legal block from midnight last night on the strikes and lockouts which began last week.

Widespread public-sector strikes planned to start today cannot now legally take place.

The Government measures include a compulsory return to work, a ceiling on wage increases in the public and private sectors of 2 per cent a year over the next two years, compulsory savings for those with above average incomes, an increase in the corporate income tax rate from 40 to 50 per cent and a reduction in employer social security taxes.

Widespread disruption is expected today as union militants carry on the strikes without official union support. Those who do not return to work will be liable to fines by a labour court, as will any trade unions whose leaders call for continued strike action or provide strike pay.

With the Easter holiday starting on Thursday, most observers expect that although the strikes may be fairly widespread this week, they will peter out rapidly after the holiday.

Police leave in the Copenhagen and Zealand area has been cancelled as a precaution following the massive demonstration outside the Volkebing on Friday, which prevented members of parliament entering, and, according to some estimates, may have involved as many as 150,000 people. The organisation of Copenhagen left-wing shop stewards declared yesterday that the action had made no impression on the Governmant and called for renewed demonstrations.

Traffic to and from Copenhagen airport was stopped on Friday, but the airport will be open for limited bours in the morning and early evening today.

The protests against the Government's wages policy are on a larger scale than against similar intervention in the past but a newspaper opinion poll yesterday showed that 55 per cent of respondents agreed with the government decision to stop the conflict, while 39 per cent disapproved.

Another poll in the same paper indicated, however, that if an election were held now (the next one is not due for two and a half years), the coalition governmant of conservatives, liberals, centre democrats and Christians and its supporters in the radical parties, would lose its one-seat majority. The left-wing social democrats, socialist people's party and left socialists would obtain a majority – something which has happened only once before in the history of the Volketing, for a few months in 1967.

The incomes policy measures were carried by varying majorities, but the crucial votes were 85 to 80.

Surge in British machine tool orders

By Andrew Fisher in London

BRITAIN'S machine tool industry, one of the worst sufferers in the latest recession, is fighting to cope with a surge of orders that has taken many companies by surprise.

Some manufacturers have gone from a dearth of business to a considerable surplus in a few months. Mr Eric Fisber, managing director of DeVlieg, which is owned by the U.S. group of the same name, said: "There has just been a terrific turnaround *in the past six months. This* time last year we had short time and salary cuts."

His buoyant mood is sbared by Mr Paddy Byrne, director of market development at Cincinnati Milacron, which is also owned by a U.S. perent. "There has been an improvement everywhere. We are seeing a pick-up in the UK, West Germany, in fact all over Europe and the U.S."

The last few months have seen a further leap in new orders, with the main impetus coming from exports, which account for more than 60 per cent of output. Renewed economic growth in major markets, notably the U.S., has helped UK machine tool makers, es has the strength of the dollar in stimulating exports.

New orders showed a rise of 27 per cent in the final quarter of last year compared with the previous three months. At the end of the year the export backlog was 36.5 per cent higher and the home backlog up by 20.5 per cent, according to Department of Trade and Industry figures.

It is not just the subsidiaries of U.S. corporations which have benefited. Mr Michael Goddard, chairman of Wadkin, a British company which has shaken its machine tool side out thoroughly in recent years, said: "Orders have grown fast in 1984, though from ridiculously low levels."

TI Machine Tools, a loss-maker which has just changed its management, reports a 50 per cent jump in new orders in the first quarter of *1985 against the same period of last* year – about the same as DeVlieg – to £625m ($7.65m).

Mr John Wareing, its new managing director, said the February intake at £3m was the best for many years. New orders include one worth more than £500,000 from Jaguar Cars for machining centres to make engine parts.

Although the Machine Tool Trades Association, which also represents importing companies – imports constitute more than half the UK market – feels that the Government figures overstate the industry's performance, most companies expect business to keep moving ahead this year at least.

THE LEX COLUMN

Taking the smooth with the smooth

How much did Eagle Star make before tax last year? Between declaring its last set of results as an independent company and producing its first as a subsidiary of BAT Industries Eagle Star managed to pick up a new definition of pre-tax profit – and the resulting freedom to report an extra £100m.

Changing the accounting questions may be expected to alter the answers, of course, but the main issue raised in London – for other composite insurers most acutely – *is whether Eagle Star has got hold* of the right questions.

Perhaps only the die-hard conservatives of insurance accounting would insist that the proper figure was quite as low as the £58m demanded by Eagle Star's traditional accounting policies. That would turn a blind eye to the gain in shareholders' funds generated by a bull market in equities.

Equally, it takes a fairly determined radical to accept – along with Eagle Star's auditors and its ambitious new parent, BAT Industries – that the £153m reported represents a true and fair view of the case.

Pragmatism

Derided as hopelessly pragmatic and unconservative by one camp, the change bas been welcomed by others as an overdue recognition of the way insurers earn their living. Somewhere between the greybeards and the revolutionaries a common-sense view of profit may have got lost.

Whatever people may think of the conclusion, Eagle's starting point is anything but contentious. For the past five years the composites have been racking up very handsome capital gains on the funds belonging to their shareholders while shedding almost equally impressive amounts of equity by underwriting at a loss.

This may not be sensible in itself – it makes insurance look a spectacularly cost-inefficient way of raising funds for investment – but it does mean a profit and loss account which concentrates on the underwriting losses gives a distorted picture of the changing financial position of these companies.

For insurance companies the notion of the profit and loss account as a rigid connecting-rod between successive balance sheets makes more sense than in most other types of enterprise.

One half of Eagle's new treatment amounts to no more than taking this idea *seriously* and passing the current year's investment gains through the profit statement, effectively converting it into a statement of change in financial position.

Although there are objections to this part of the proposal – if all accretions to shareholders' funds can go into pre-tax profits, what about rights issues? – it can command a fair measure of respect. At least this version of pre-tax profits would be just as sensitive to a stock market collapse as the old-style profits were to worsening claims experience. Volatility is not in itself a fault.

Moreover, it probably does not matter too much to most people that most of the stated profit would be unrealised and undistributable – given enough ordinary operating cash flow to pay the supposedly covered dividend. The market, and the values in composites' balance sheets, can do without a year-end scramble to realise.

To take in total gains for the year is, however, preferable to the practice of counting only realised *gains* or losses – arbitrary quantities which are generally created only for tax reasons or if the underwriting business is shrinking. The deeper controversy centres on the other half of Eagle's proposal; namely, to take a five-year moving average of its *investment* gains into pre-tax profits.

For a start, the moving average method states profits conservatively only if the capital gains are increasing. If the market turns down the effect will be to bolster stated profits by continuing to include a proportion of the gains thet were being made when it was still rising. It is doubtful if this will seem convincing.

A couple of years from now underwriting results should be improving, but investment markets could easily be moving the other way. The Eagle method could then pack a rather implausible punch by adding good 1984/85 investment re*sults to a 1987 bounre in underwrit*ing.

The fact thet the method has apparently been test-run through the early 1970s without totally masking the difficulties of the period does not change the argument.

Explicitness

The idea might be saved by stating the underwriting result on a similarly smoothed basis, perhaps using a nine-year average to iron *out what is left of the underwriting* cycle.

Eagle Star has sensibly gone half way to joining up the two sides of its accounting treatment and – in this respect at any rate – has set a good example by giving up reserve accounting for the upward revision of claims.

This year's underwriting loss thus explicitly includes £10m written off on business done before 1985, emphasising that insurance profits, more than those of industrial companies, are a blend of different vintages.

For BAT, which is after all not used to providing for rises in the cost of cigarettes it made 20 years ago, bringing in smoothed investment gains to soak up underwriting provisions may simply have appeared as a way to make Eagle Star's progress more consistent, year by year, with the rest of its empire. Others need not cross the Rubicon.

IG Metall plans to fight for a further cut in working hours

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY'S powerful metalworkers' union, IG Metall, is determined to fight for a further cut in the working week, but has also indicated a willingness to look at more *flexible* working hours.

Herr Hans Mayr, the union's president, signalled a tough but pragmatic future strategy on working hours at a weekend rally in Frankfurt – held on the eve of today's cut in the average working week in the metal and printing industries from 40 to 38.5 hours.

He said IG Metall had stuck by its demand for a 35 hour week, although Herr Franz Steinkühler, the union's militant technology-orientated deputy president, predicted *that employees would work only 30* hours a week by the end of the century.

Herr Mayr added, however, that the labour movement's traditional campaign for a shorter working week might be linked to a new campaign to allow working time to be divided according to each individual's needs.

Herr Mayr was staking out the ground for what is expected to be a long and hard-fought tussle with employers over the future development of working hours and labour practices in West German industry.

With the issue of shorter bours becoming increasingly blurred by some industrialists' interest in flexible bours, Herr Mayr said the union would oppose flexible working time if it were just to accommodate a company'a fluctuating business needs.

Workers themselves should be able to determine flexible working time to meet individual needs, but this should take place within a framework which respected the employers' interest in having "predictable" machine times.

IG Metall has already found it difficult to control the complex repercussions of its campaign for a 35 hour week, which has turned out to be anything but straightforward.

After the country's worst labour conflict since the second world war, *both sides last year reached a com*promise agreement in principle that coupled a cut in the average working week with increased flexibility in working arrangements to try to offset the cost to companies.

With the pact coming into force today, some employees in industry will continue to work 40 hours a week, but others will work 37 hours. The great majority in both the metal and printing industries – estimated by IG Metall at more than 3m employees – will, however, work *38.5 hours from today.*

The arrangements vary at plants throughout the country, with different degrees of flexibility.

In some plants many workers will finish 1.5 hours earlier every Friday, in others they will go home three hours earlier every second Friday. In many cases workers will save up their hours and get nine extra days off a year. At some plants employees will work up to 40 hours one week and 37 another week, as long as the average in a plant over two months is 38.5 hours.

Shorter hours were agreed in principle after a bitter struggle involving strikes, lockouts and layoffs in the first half of last year. At the height of the conflict almost all motor vehicle assembly came to a halt.

Gesamtmetall, the metal employers' association, has been urging managers to insist on maximum *flexibility, while union leaders have* been urging works' officials to press for a straightforward cut in hours for all workers or for as many as possible.

Employers have swallowed the 38.5 hour week compromise without too much difficulty, partly because the flexible arrangements have provided more opportunity to uncouple machine time from an individual's labour time.

Although many employers have shied away from too much flexibility, the concept is regarded as having potential, particularly if it can enable a company to cope better with fluctuating orders and loosen trade union control.

London broker plans link with foreign bank

BY CHARLES BATCHELOR IN LONDON

LAURENCE PRUST, one of the last remaining City of London stockbrokers to establish outside links, plans to set up a three-cornered grouping with a foreign bank, possi*bly* Bankers Trust of the U.S., and with Framlington Group, a leading unit trust manager.

The broker, which is medium-sized with a large fund management operation, is still talking to three foreign banks, including Bankers Trust. The other two banks are not based in the U.S.

It *expects to reach final agree*ment within the next few days for both the bank and Framlington to take a 5 per cent shareholding in its capital. Framlington would ultimately take over most of Laurence Prust's fund management activities.

Mr Bill Stuttaford, senior partner at Laurence Prust, said the aim of the deal was to obtain the financial backing of a bank to compete more strongly in securities dealings when London Stock Exchange reforms are pushed through next year.

As part of the deal with Framlington, Laurence Prust will transfer to it £300m-£350m ($367.5m-$428.7m) of its £400m portfolio of funds under management. This will avoid conflicts of interest between the dealing and fund management sides of Laurence Prust and free both sides to act more aggressively in their respective fields.

"We bave not got the agreement finally buttoned up yet," Mr Stuttaford said yesterday. "But over the next week there will be pretty intensive discussions on matters of detail."

This is Laurence Prust's second attempt to link up with a major bank. Last autumn it held talks *with Banque Nationale de Paris,* but no agreement was reached.

Laurence Prust already has close links with Framlington. Mr Stuttaford is chairman of the unit trust group and owns 6.4 per cent of its shares while Mr Antony Milford, another partner, is a director of Framlington.

Laurence Prust runs eight of Framlington'a 10 unit trusts but is helping it to develop its own management expertise.

Framlington came to the Unlisted Securities Market in May 1983 and moved to a full stock exchange listing in January.

Laurence Prust has about 30 partners and a staff of 200

UK economy prepares for 'best year in decade'

Continued from Page 1

than in its last forecast, and it believes that the growth of investment will be significantly slowed in 1986.

The business school believes, though, that budget measures will cut unemployment by 300,000 by 1988, compared with its previous projection.

It estimates that the reduced National Insurance contributions for lower-paid workers will lead to the creation of some 250,000 new jobs. It believes, however, that this will be offset by a reduction of about 100,000 higher-paid jobs in response to the increased employers' contributions for higher earners.

Overall, it thinks the change in the structure of National Insurance contributions and the expansion of the Community Programme and Youth Training Scheme could create about 375,000 new jobs during the life of this Parliament.

However, since new jobs tend to encourage the supply of labour, the reduction in unemployment would be only about 300,000 compared with what would have happened in the absence of the budget measures.

In spite of these relatively cheerful indications, neither the business school nor the CBI *is expecting* a marked reduction of unemployment during the next two years.

The CBI is anxious about the continued fast rise in earnings and the risk that this poses

FORECAST FOR UK ECONOMY
(annual percentage change unless otherwise stated)

	1985 CBI	1985 LBS	1986 CBI	1986 LBS
GDP	4.0	3.4	2.5	2.4
Inflation (consumer prices)	5.2	5.3	4.9	4.9
Consumer spending	2.5	2.8	3.0	2.8
Exports	7.5	7.0	4.3	4.1
Imports	4.5	6.4	3.6	2.9
Private investment	7.6		6.1	
Balance of payments current account (£bn)	2.3	0.7	1.6	1.7

World Weather

		°C	°F
Ajaccio	S	15	59
Akrotiri	F	20	68
Algiers	S	20	68
Amsterdam	F	10	50
Athens	F	16	61
Bahrain	S	23	73
Bangkok	—	—	—
Barcelona	S	16	61
Beirut	F	23	73
Belgrade	D	20	68
Berlin	R	11	52
Biarritz	S	17	63
Blackpool	F	11	52
Bordeaux	S	17	63
Brussels	C	10	50
Budapest	D	17	63
B. Aires	S	28	82
Cairo	C	24	75
Cape Town	S	27	81
Caracas	C	26	79
Casablanca	S	24	75
Copenhagen	C	6	43
Corfu	D	17	63
Dublin	F	13	55
Dubrovnik	S	11	51
Faro	S	17	63
Florence	F	15	59
Frankfurt	D	12	54
Funchal	F	18	65
Geneva	C	13	55
Gibraltar	S	16	61
Guernsey	F	11	52
Helsinki	Sn	-1	30
H. Kong	C	15	59
Innsbruck	S	18	64
Inverness	F	8	45
Istanbul	R	7	45
Jersey	S	12	54
Jo'burg	F	25	78
Las Palmas	D	22	72
Lima	F	26	78
Lisbon	C	17	63
Locarno	F	13	55
London	F	14	57
Los Angeles	F	21	82
Luxembourg	D	6	43
Madrid	S	18	64
Majorca	D	17	63
Malaga	S	18	65
Malta	S	18	65
Manila	F	36	97
Miami	S	22	72
Milan	C	13	55
Moscow	C	3	37
Munich	F	17	63
Nairobi	—	—	—
Naples	D	15	59
New Delhi	S	31	88
New York	C	5	46
Nice	S	15	59
Oporto	C	17	63
Oslo	D	4	39
Paris	C	13	55
Prague	C	16	61
Reykjavik	D	-2	28
Rio de J'o	C	37	99
Rome	S	15	59
Salzburg	S	20	68
Seoul	S	9	48
Singapore	R	32	90
Stockholm	F	3	37
Strasbourg	C	14	57
Sydney	S	25	77
Taipei	C	13	55
Tangier	C	18	64
Tehran	—	—	—
Tel Aviv	C	25	77
Tenerife	S	24	75
Tokyo	R	15	59
Toronto	C	-1	30
Tunis	D	17	63
Valencia	S	20	68
Venice	S	12	54
Vienna	F	16	61
Warsaw	F	15	59
Zurich	F	13	55

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

Brazil seeks flexibility

Continued from Page 1

low the $12.9bn figure forecast by the Figueiredo Government.

Although the March trade figures have not yet been released, the first quarter's export performance is known to be well down on the required target.

Meanwhile, the first warnings of a divergence over policy between the monetarists, led by Sr Lemgruber and Sr Francisco Dornelles, the Finance Minister, and more orthodox Keynesian economists in the government erupted over the weekend.

In a major newspaper interview, Sr Joao Sayad, the new Planning Minister, argued in favour of tax increases, especially on unearned income, and a "more flexible" monetary policy.

Sr Sayad warned Brazilians to expect "tough and painful" measures following a meeting tomorrow of the National Monetary Council, the country'a top economic policy-making body. These measures were necessary, he said, to combat a public deficit this year of at least Cr 36,000bn ($8bn).

The Brazilian government is to proceed with the negotiations despite the fact that President Tancredo Neves remains dangerously ill in the intensive care unit of a Sao Paulo hospital.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

FINANCIAL TIMES
Monday April 1 1985

Fixed-rate Eurodollar market shows signs of reviving

BY MAGGIE URRY IN LONDON

SLOWLY, carefully, the Eurodollar fixed rate bond market is beginning to rebuild its confidence. Despite the dollar's fall last week, the straight dollar bond market improved and towards the end of the week new issues were launched with some success.

General Foods was the first U.S. corporate borrower in the straight market for a month and proved to be a good enough name to tempt what retail demand there was around. With a leg-up from the New York market too, the deal ended the week trading around its 1¼ per cent selling concession.

Three deals were launched on Friday – for Denmark, the EIB and Franklin Savings. A wobble in the New York market just as syndication was progressing unsettled the Denmark deal, despite its yield of 74 basis points over U.S. Treasury bonds. The EIB's 12 per cent coupon, and its good credit rating, kept its head above water.

The difficulty was Franklin Savings. Theoretically, this is a top quality credit because the bonds are backed, to 140 per cent of their value, by U.S. government agency securities. Savings and loans, however, even Kansas ones, are not the most popular names at the moment, nor is the targeted registered form that the collateral makes necessary. It makes such a deal a nightmare to price, and in the end it looked too tight. With some syndicate managers turning down co-managements, the issue was bid outside its 1⅞ per cent commissions.

Floaters are still going better than straights, and one launched last week for NatWest Bank went better than anything. The issue never traded outside its slim 5 basis point selling concession last week, despite an increase from $300m to $400m.

Short-term rates have eased, boosting floaters, but the curve has also flattened, cutting the differential between one and six-month rates from one point to ¾ point in the last week or so.

Also a contender for deal of the week was Redland's zero coupon Eurosterling issue – the first in the sector. With Morgan Grenfell as bookrunner, and Morgan Stanley, Bankings and S. G. Warburg as co-leads, this deal too traded within its selling concession from its launch. Unusually for a Eurosterling issue, more than half the bonds could end up in the hands of British investors whose tax treatment gives them a generous return.

The borrower gets a favourable tax treatment too, so Redland has laid the foundations for more issues. Interestingly, Redland, though a high-class credit, is not a name well-known outside the UK and probably could not have done a straight Eurosterling issue on such fine terms.

The falling dollar has given the Swiss franc bond market a real boost, with some bonds gaining a point on Friday and the market on average rising that much over the week. In the domestic market, the Swiss Federal Government must be kicking itself. Having finally given in to the idea of a 5 per cent bond issue, the market's recovery meant a successful tender and a 101.40 issue price. In the foreign market Sweden's SwFr 200m 12-year, 6 per cent issue, which initially looked tight, started trading at 101⅝ on Friday, before slipping back to 101.

Investors are still looking for 6 per cent coupons, but Kansai Electric Power allowed itself the chance to set a maturity of up to 12 years on its new SwFr 150m deal in case the market remains firm.

The D-Mark market was also more joyful, with bond prices gaining 1 to 1½ points on the week and new issues going well. The spectre of foreign lead managers of D-Mark Eurobond issues, however, hovers nearer since the speech to bankers last week by Herr Karl Otto Pöhl, the Bundesbank president. Ha said thet, probably within two months, some foreign hanks resident in West Germany should be allowed to lead issues.

Deregulation of the yen bond markets takes another step today. Following the lifting of withholding tax on Euroyen issues by Japanese corporates a number of Euroyen convertible issues are expected from these borrowers.

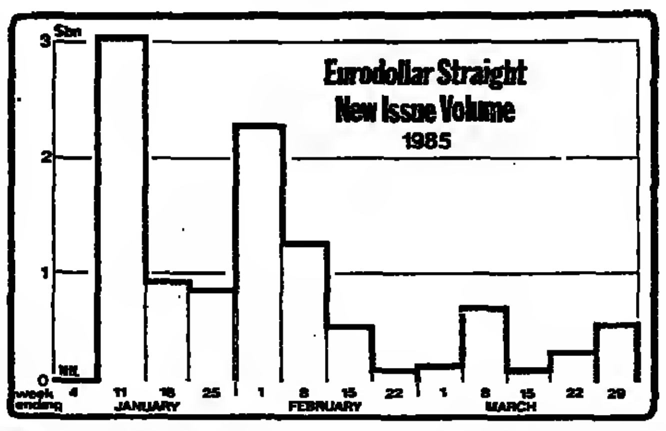
While the December opening of the market to foreign corporates was little short of suicidal, there are some hopes that this time a more orderly market will develop.

First, the borrowers have a natual desire for yen, unlike the non-Japanase borrowers who virtually all swapped hack into U.S. dollars. Second, there is likely to be more demand in Europe for convertibles because they give an equity play. Many Japanese shares are hard to huy and a convertible is a good way to get in. Swiss franc convertihles for Japanese companies have done very well, especially as the Tokyo stock market seems to have been unstoppehle in recent months.

Thet could change though if the yen strengthens. The weak yen has helped exporting companies, which have fuelled the stock market rise.

The Ministry of Finance has also widened the range of borrowers allowed to borrow in the Euroyen and Samurai markets. Now government borrowers and international organisations with ratings down to single A will be able to make issues. Also corporates rated douhle A or above and certain single A companies – satisfying Ministry quality criteria – will be ahle to borrow in these markets. This probably adds around 50 borrowers to the 100 or so already able to make issues.

The Samurai market has reopened after e pause since early February. Despite that gap, issues in the financial year just ended were a record, topping the Y1,000bn mark.



BHF Bank bond average

March 29		Previous
101.068		100.960
High	1985	Low
102.860		99.840

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
U.S.$	2,060.8	158.6	3,837.3	114.0
Prev	2,658.9	71.8	3,317.5	59.0
Other	628.3	3.5	–	10.5
Prev	323.5	–	1.8	130.9
Secondary Market				
U.S.$	13,179.9	654.6	13,088.0	179.7
Prev	17,765.9	624.6	13,465.6	1,701.0
Other	2,489.3	43.6	343.4	1,126.0
Prev	2,284.4	17.3	448.9	1,127.6

	Cedel	Euroclear	Total
U.S.$	10,232.6	24,654.3	34,886.9
Prev	12,790.4	26,874.0	39,664.4
Other	2,614.5	2,030.2	4,644.7
Prev	2,474.6	1,859.9	4,334.5

Week to March 28, 1985 Source. AIBD

Euroyen credit liberalisation adds new dimension to international banking

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

IS IT a damp squih or a major milestone in the history of the Euromarket? While bankers were downplaying the significance of the newly opened Euroyen credit market last week, Sweden was preparing to launch a first deal with a major fanfare.

In a style reminiscent of the almost indecent rush into the Euroyen bond and certificate of deposit markets when they were opened up last year, Sumitomo Bank actually announced its Y100bn Swedish mandate on Friday – before the new market was officially open. Daiwa Bank has also wasted no time. It has quietly arranged a $20m equivalent, seven-year Euroyen revolving loan for Irish Life Assurance of Dublin which is to be signed today.

At this stage, however, it is still hard to tell whether these deals are the first of a big rush or merely reflect the Euromarket's enthusiasm for anything new. After a flurry of activity in December the Euroyen bond market subsided into the doldrums. Some bankers believe the same could happen to the Euroyen credit market.

The problem is that, with the dollar now weakening on the foreign exchange markets, there simply is not much demand for yen borrowing. Debtors are worried that their credits might become far too expensive to service if the yen were to appreciate. Japanese banks have been firing off offers of credit to all and sundry in recent weeks, hut the initial response seems to have been lukewarm.

That said, the liberalisation of the Euroyen credit market announced by the Japanese Ministry of Finance in Tokyo last Wednesday does introduce a new dimension to international banking that could have significant structural impact over the medium term. Technically the change is a straightforward one. From today Japanese banks will be able to make Euroyen loans to non-residents for periods of longer than one year.

For a start this has enabled Sweden to come to the market with a deal that would not be possible in the domestic yen syndicated loan market. Its credit is a revolving one (which means that it can be drawn and repaid as needed) with a margin of ⅛ per cent and a commitment fee of 1/16 per cent.

In the domestic market, revolving loans are not feasible. There money is borrowed from domestic banks who actually want it to be drawn so that they have an asset on their books. Most domestic syndicated credits also bear a fixed rate of interest based on the long term prime rate, currently 7.7 per cent, which is higher than the 6⅝ per cent charge on Euroyen deposits.

The Euroyen credit market has thus already introduced a cheaper and more flexible way of borrowing yen. Beyond that, however, it also opens the possibility of adding a yen option to standard multicurrency Eurocredits, and though this still seems some way off, the scope for borrowers to launch Euroyen floating rate notes thet can be bought by banks.

Psychologically, however, the move may have even more significance. Japanese banks will be allowed to offer Euroyen credits entirely on their own, whereas in the dollar sector they may only take up to 50 per cent of any operation. This has made them very much camp followers in the Eurocredit market, rarely seeking out mandates on their own. Now they have an individual product to offer, which could give them more clout both with borrowers and, eventually, the rest of the market.

There is little doubt that Euroyen lending will be very profitable for them. Until today they could only place their surplus yen in the short term interbank market, which yields a very small return. Now they can lend to non-banks at a margin over the London interbank offered rate, which represents a rate far greater than their actual cost of funds.

Some bankers argue that this will lead to fierce competition – driving returns on Euroyen credits ever lower. It might also put downward pressure on the long term prime rate as borrowers switch from domestic to Euro-borrowing. One thing which does seem clear, however, is that non-Japanese banks will be fairly slow to join this particular bandwagon. They are worried about funding Euroyen credits in a very thin market, though certificate of deposit issues have also been made easier from today.

Elsewhere, the Eurocredit market is concentrating on wrapping up existing deals before the Easter break. News International, however, is adding another $150m to the $350m facility arranged under the agency of Citibank last year, while a particularly hot bidding war has developed for a credit for Spain's Autopistas del Atlantico, which is seeking up to $200m.

Right-wing body drops proxy fight at CBS

FAIRNESS in Media, the conservative U.S. group that has said it wants to take over CBS, has dropped plans for a proxy fight at the TV network's April 17 annual meeting.

The decision was expected after the conclusion of a legal battle with CBS over Fairness in Media's right to the company's shareholder list. Although CBS released the list last week, Fairness in Media, led by right-wing Senator Jesse Helms, said it would have been too late to start a proxy contest.

Fairness in Media also claimed in e statement that CBS had agreed "not to proceed" with plans to mail a second proxy containing anti-takeover provisions. CBS denied that the company, which mailed its proxy on March 11, had any such plans.

● The State of Michigan has offered to provide nearly $18m for a project by Mazda of Japan to build cars in the U.S.

Michigan officials have proposed the financial measures to make up a shortfall in a $20m grant Mazda sought from the federal government to help to build its $450m assembly plant at Flat Rock, near Detroit.

The project's other main obstacle, a hreakdown in contract talks between Mazda and U.S. construction workers' unions, also eased as the two sides resumed negotiations.

● Tenneco, a candidate widely rumoured for a takeover or a forced restructuring, is asking shareholders to approve a sweeping series of anti-takeover measures.

Tenneco, a conglomerate with extensive energy interests, gave details of the proposals in proxy material for its April 26 annual meeting. The measures include staggered terms for directors, two-thirds approval by holders for mergers and authorisation for 50m shares of junior preferred stock.

U.S. MONEY AND CREDIT

Bond prices rally as Fed holds steady

U.S. Bond prices rallied last week as short-term interest rates—and the dollar—fell, reflecting a growing conviction on Wall Street that the Federal Reserve Board will hold back on any firming move.

The price improvement also reflected a wide range of other factors including a better-than-expected retail response to the Treasury's mini-refunding and an unexpected $500m decline in M1, the basic money supply measure.

But the most important factor was the belief that the Fed's policymaking Open Market Committee (FOMC) meeting last week voted to maintain a steady—and relatively accommodative—monetary stance.

This mood was fuelled by the Fed's open market operations last week—which appeared to indicate a desire to keep the funds rate below the 8.75 per cent level, and by the comments of senior Fed officials including Mr Paul Volcker, the chairman; Mr Preston Martin, the vice-chairman; and his colleague, Ms Martha Seger.

Dr Henry Kaufman of Salomon Brothers noted in his weekly comments on credit, last week headlined "A temporary monetary detour," that the credit markets interpreted these actions and comments as indicating a slight bias in favour of an easing.

"This bias results from the Fed's apparent concern over recent financial strains in various parts of the banking system," said Dr Kaufman.

Nevertheless, although almost all senior Wall Street economists appear agreed on the Fed's current policy stance, most also warn that it could prove temporary.

In particular, they note that the recent slowing in monetary growth may soon reverse and that the recently mixed signals on the economy—including the 0.7 per cent increase in February leading economic indicators—could signal a second-quarter rebound.

Dr Albert Wojnilower, managing director and chief economist of First Boston, noted in his quarterly review last week that "business is moving ahead with no recession in sight." He predicted: "Interest rates will probably show little net change while the current breather from strong economic and monetary data lasts. But soon, when this respite ends, the market will force a reluctant Federal Reserve to higher interest rates, slowly at first and more rapidly later."

Nevertheless, uncertainties do remain. Aside from the emerging pressures on the U.S. financial system—as evidenced by the Ohio thrifts, the Texas energy banks, and the growing number of problem agricultural banks—the other "wild card" for the Fed and the markets is the dollar.

So far there has been little evidence that foreign investors are lightening their dollar-denominated portfolios in response to the U.S. currency's two-week precipitous decline. But it remains a major market concern. Similarly, a lower dollar could further fuel growing concerns about a pick-up in inflation.

Last week Mr Preston Martin's comments highlighted the fact that the dollar is playing a more important part in Fed policy deliberations. This was also apparent in the February FOMC meeting report released late on Friday.

In the meantime, however, the mood in the U.S. credit markets is rosier than it has been for weeks.

Government bond prices rose last week by between ¾ and 1½ points—despite the flood of new paper resulting from the $16.25bn refunding which brought investors average yields of 11.3 per cent, 11.85 per cent, and 12.04 per cent on the four-year, seven-year, and 20-year paper respectively.

In the short-term markets Treasury bill rates declined dramatically — partly reflecting investor concern about the banking system and the latest comments of Brazil's new civilian government. Bill rates were 35 to 45 basis points lower on the week while bank CD rates fell noticeably less.

In the corporate markets Treasurers dived into the market sensing the change in mood. Corporate bond prices gained about one full point while new issue rates fell by between 13 and 25 basis points.

Friday saw one of the biggest single days this year for new corporate issues with $850m of new bond offerings lifting the total for the week to a band-some $1.9bn.

Despite this, Security Data, the research company, reported on Friday that total new corporate debt security offerings in the U.S. during the first quarter fell by 35 per cent to $15.7bn from $24bn a year ago.

Paul Taylor

U.S. MONEY MARKET RATES (%)

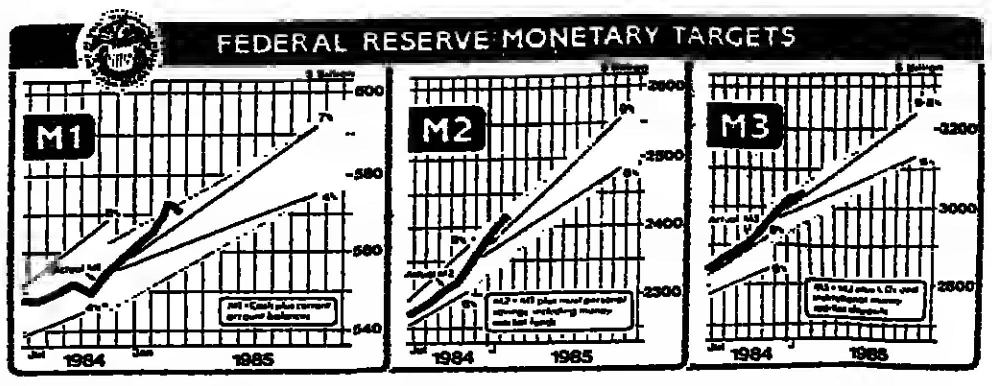
	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	8.35	8.89	8.42	11.77	7.82
Three-month Treasury bills	8.16	8.61	8.65	10.77	7.58
Six-month Treasury bills	8.53	8.91	8.92	10.83	7.87
Three-month prime CDs	8.75	8.92	9.00	11.50	8.05
30-day Commercial Paper	8.08	8.63	8.00	11.38	7.85
90-day Commercial Paper	8.80	8.90	8.90	11.40	7.90

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	100⅜	(new)	11.63	—	—
20-year Treasury	100⅜	(new)	11.50	—	—
30-year Treasury	96⅜	+ 1¼	11.65	11.83	11.90
New 10-year "A" Financial	N/A	+ 1¼	12.25	12.45	12.40
New "AA" Long utility	N/A	+ 1	12.88	13.01	13.01
New "AA" Long industrial	N/A	+ 1	12.50	12.63	12.75

Source: Salomon Bros (estimates).

Money Supply: In the week ended March 19 M1 fell by $500m to $570.1bn.



UK GILTS

Quiet response to jump in sterling

STERLING soared, base rates started to fall, and the gilt-edged market hardly stirred.

The pound's dazzling rise against not only the ailing dollar but also the D-mark might have been expected to generate considerable enthusiasm for gilts last week.

As it was, short-dated stocks crept up by between ¼ and ½ a point and the best that most long-dated issues could do was gain a point or so.

Part of the explanation must rest in the still-lingering doubts over whether the dollar has finally turned. By late Friday in New York the evidence was pointing more and more in that direction. But there were still those cautioning that the same happened last year and the dollar bounced back. (Though the initial setback then was not as great.)

The gilt-edged market's quiet response to sterling's new-found status can also be explained by the fact that the market has for weeks been discounting a sizeable cut in base rates.

And what it got last week was a ½ point cut by National Westminster and Lloyds, with Barclays and Midland sticking resolutely at 13½ per cent.

The circumstances of that move were also hardly conducive to a major boost to confidence.

After cautioning strongly early in the week against any cut in rates, the Treasury decided that by Thursday sterling was moving up far too quickly against the D-mark and that an immediate cut was needed.

The signs were that the Bank of England might have preferred to have waited to test the reaction to the next money supply figures but that the Treasury thought the exchange rate was rising too fast to allow such a delay.

But that left the money markets in some confusion as to what the authorities were up to, and left the one-month interbank rate about ¼ point above the level at which Barclays would feel comfortable with a base rate cut. (Contrary to the popular view Barclays now tends to look more closely at the one-month than the three-month rate, particularly with such a sharply downward-sloping money market yield curve.)

Both the Bank and the Treasury were insisting that there was no fundamental divergence between them on interest rate policy — they agree that rates have to stay high until monetary policy is firmly on track.

The Bank's increasing concern about the rapid growth of bank lending, however, and the implications for sterling M3 and consequent problems in the money markets, appear to make it tactically more cautious about the timing of small cuts in rates.

The conclusion drawn by most in the gilt-edged market from all this was, with yields for short-dated issues already below 12 per cent and for longs at around 10.5, it will take a deal more evidence of a decisive turn in the dollar for the market to make significant advances.

At the same time, the Bank of England is expected to continue to take advantage of the market's underlying strength to fund vigorously—witness its issue of £500m of 9½ per cent Conversion 2004 and £250m of 10½ Exchequer 1997 on Friday.

Meanwhile brokers have been busy working out the combined effects of the Government's moves against "bond washing" last month and the changes in capital gains indexation announced in the Budget.

The conclusion drawn by traders such as Brian Draper of James Capel is that it has opened up a whole range of opportunities for tax-paying investors to establish capital losses in the market.

The traditional switching of stocks between tax-paying insurance companies and tax-exempt pensions could give way to much more activity between the taxpayers themselves.

In the process, he estimates, the Inland Revenue could lose upwards of £100m of the extra revenue it hopes for from the crackdown on bond-washing.

Philip Stephens

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11¼ 94	100	97⅞	+0⅛	12.14
Amer Savings 13 89	125	97¾	−0⅛	12.75
Amer Saving 12⅛ 89	100	99⅜	−0⅛	12.43
Asian Dev Bk 11¼ 93	100	96½	+0¼	12.40
Australia 11¾ 90	100	101⅞	+1	10.93
Australia 11¼ 95	300	98¾	+0⅛	11.75
Australia 11¼ 89	100	99½	+0¾	11.83
AIOC 11 88	75	99⅛	+0⅛	11.61
Austria 15½ 88	75	109⅝	+0½	11.82
Bk America 13 87	290	100⅜	+0⅛	11.77
Bk Nova Scotia 13¼ 87	100	102¼	+0⅛	12.42
Bank of Tokyo 13⅜ 91	100	105⅛	+0⅛	12.36
Bank of Tokyo 13⅞ 89	100	105¼	+0⅛	12.22
Bqe Nat Paris 13¼ 89	150	104½	+0⅛	12.20
Bqe Nat Paris 14¼ 90	250	105⅜	0	12.66
BFCE 16 88	299	108⅞	+0¼	11.01
Br Col Hydro 11¼ 93	200	98¾	+1⅛	11.96
Br Col Hydro 12½ 14	200	99½	+0⅜	12.95
Br Col Hydro 12⅝ 13	250	100⅜	+1⅞	12.80
Britoil Fin 11⅞ 90	125	98¾	+0⅛	12.25
Canada 10⅞ 88	500	99¼	+0½	11.08
Casio Computer 5⅞ 89	80	123	−2¼	0.08
CCCE 12¾ 95	75	100¾	+0½	12.45
Citicorp O/S 10 89	300	89¾	+0⅛	11.15
Citicorp O/S 10⅜ 90	100	93¼	+0⅜	12.31
Citicorp O/S 11⅜ 88	100	97⅝	0	12.25
Citicorp 11¼ 90	100	89	+0⅜	11.97
Citicorp O/S 12 87	200	100⅜	+0⅛	11.62
Citicorp O/S 14 94	100	101¼	−0⅛	13.69
CNCA 13¼ 91	100	103⅜	−0⅛	12.47
Coastfed Int 12¾ 88	125	100⅞	+0½	11.87
Camp Bancaire 13⅞ 90	75	104⅞	+0⅛	12.71
Comsat 12¼ 91	100	99½	−0⅜	12.36
Cmditsnatalt 13¼ 91	100	101⅞	−0⅛	12.65
Daiichi Kangyo 13¼ 90	100	100⅜	+0⅜	12.17
Dart and Kraft 7¾ 88	86	96½	−0⅞	8.18
Denmark 11¾ 90	100	97⅞	+0⅛	12.30
Denmark 12¾ 92	250	99¾	+0⅜	12.79
Denmark 13 92	100	101	−0⅛	12.75
Denmark 13¼ 91	100	102⅞	+0⅜	12.63
Denmark 13⅞ 88	100	104¾	0	12.01
Denmark 14 81	100	105⅞	−0⅛	12.55
Du Pont Canada 13½ 91	65	104⅜	+0⅜	12.45
Digital Equip 11¼ 89	150	100⅛	+0⅜	11.82
Dutch St Mines 11⅛ 01	150	98½	+0⅜	13.23
Eksportfinans 11½ 90	100	97⅜	+0⅜	12.13
Elec de France 9⅜ 86	100	99⅛	+0⅛	10.53
Elec de France 10 88	125	95¾	0	11.60
Elec de France 11⅛ 93	100	95	+0½	12.13
Elec de France 11¼ 90	100	96⅞	+0⅛	12.89
Elec de France 12¾ 87	150	102⅞	+0⅛	11.32
EEC 10¾ 95	75	89⅝	+0¼	12.63
EEC 11 87	350	99½	+0⅜	11.20
EEC 11 95	75	94⅞	+0⅞	11.88
EEC 13 93	100	98¼	+0⅛	12.11
EEC 12 93	50	88⅛	+2⅛	12.29
Euro Inv Bk 11½ 90	200	98⅜	+1¼	11.87
Euro Inv Bk 11⅜ 91	73	96¾	+0⅜	12.58
Euro Inv Bk 11⅞ 93	150	98¼	+1¼	12.11
Euro Inv Bk 12½ 90	100	102½	+0⅛	11.80
EDC 9½ 86	150	99⅛	+0⅛	10.43
EDC 9⅞ 88	200	97⅛	+0⅛	11.28
EDC 10 88	125	96⅝	−0⅜	11.40
EDC 10¾ 88	100	98¼	+0⅜	11.26
EDC 11⅛ 89	150	98½	+0⅛	11.61
EDC 11¾ 87	100	101	+0¼	11.21
EDC 12 89	100	100½	+0⅛	11.73
EDC 12¾ 87	100	100¾	−0⅛	12.28
EDC 13¼ 87	100	104⅛	+0⅛	11.18
Export & Import 13⅜ 91	75	106	+0⅞	11.80
Farm Cred Can 11⅝ 93	75	98⅛	+0⅞	11.91
Finland 9½ 86	100	99¾	+0¼	10.34
Finland 11½ 89	100	99⅜	+0⅜	11.62
Finland 15¼ 87	75	106⅜	0	11.51
Finnish Export 12¼ 87	75	102⅞	+0⅛	11.44
Firstfed Mich 1 13¼ 89	125	102¼	+0⅛	12.45
Florida Fed 12⅛ 88	100	100¾	+0⅛	12.11
G. E. Credit 96	600	27¼	+0¼	12.26
General Elec 8¾ 91	100	91½	+0⅜	11.70
Gen Elec Cred 11 91	200	97¼	+1	11.50
Gen Motors Ac 11⅛ 90	100	99	+0⅞	11.59
Gen Motors Ac 12¾ 86	200	100⅞	+0⅛	11.35
Gen Motors Ac 13 86	200	101⅞	+0⅛	11.20
GZB 14 91	100	105¼	+1⅛	12.58
Gird Vienna 13⅜ 81	75	100	+1½	12.50
GTE Finance 13 96	75	98⅛	−0⅞	12.23
Gulf Oil 10⅝ 94	100	91	+1⅛	11.84
Gulf Oil 12¾ 87	100	101	+0⅛	11.88
Hall Air Fin 12¼ 91	100	98¼	+0⅛	12.54
IBM Credit 13⅞ 87	100	102⅜	−0⅜	13.16
IBM 12¾ 92	200	103⅜	+0⅜	11.47
IC Industries 11⅞ 88	75	97⅜	−0⅛	12.24
Ind Bk Japan 11⅛ 89	125	99¾	+0⅛	11.57
Ind Bk Japan 11⅞ 91	100	99½	+0⅛	11.98
Ind Bk Japan 13⅞ 91	125	107¼	+1	12.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texaco 10⅛ 90	200	94¼	+0⅛	11.89
Texaco 10½ 93	200	94⅜	+1⅛	11.47
Texaco Capital 13½ 89	200	104	+1	12.20
Texas Instr 11⅞ 91	150	99⅜	+0⅜	11.96
Tohal Asia 12⅛ 81	100	99¼	+0⅛	12.29
Tokyo Electric 8½ 89	70	92¼	−0⅛	8.90
Tokyo Electric 13¼ 89	100	106⅜	+0⅜	11.31
Toronto-Dom 12⅝ 89	60	100⅜	0	13.57
UBS 13¼ 81	100	101¼	+1⅛	11.89
Voba 8 93	70	106⅞	+3⅛	9.91
Warner-Lambert 10⅛ 90	100	96⅞	+0⅛	11.38
West LB 11⅞ 90	100	97	+0⅛	12.81
Weyerhaeuser 11⅛ 90	60	96⅛	−0⅛	12.46
Yasuda Trust 12⅛ 89	100	100⅛	+0⅛	12.25

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
Arab Bank Cpn ⅛ 96	100	98½	−0⅛	10⅜
BAII ⅛ 91	50	98⅜	−0⅛	12
Banca Lavara ⅛ 91	100	99⅞	+0¼	10⅜
Ban di Roma ⅛ 92 CU	75	99⅜	−0⅛	10⅜
Banca Hispana ⅛ 95	100	99⅜	0	11⅛
Bankers Tr NY ¼ 94	200	100⅛	0	9½
Bank of Greece ¼ 94	190	97⅞	−0½	9⅛
Bank of Montreal ¼ 94 £	100	100	+0⅛	10⅛
Bank of New York ⅛ 96	75	99⅜	0	11⅛
Bqe Nat Paris ⅛ 89	250	100⅛	0	8⅞
Bqe Nat Paris ⅛ 88	250	100⅛	0	10
Bqe Nat Paris ⅛ 91	125	100½	−0⅛	12⅛
Bqe Nat Paris ¼ 89	250	100⅛	0	9⅛
Barclays O/S ¼ 90	100	100⅛	+0⅛	9⅛
Barclays O/S ¼	600	100½	0	10⅜
BBL ¼ 89	100	100⅛	0	8⅞
Bqe Nat Paris ⅛ 88	400	100⅜	0	10⅜
BBL ⅛ 99	100	99⅜	−0⅛	11⅛
BFCE ¼ 87	400	100⅛	+0⅛	9⅜
BFCE ¼ 88	125	100⅛	0	10⅛
BFCE ¼ 88	550	100⅛	0	9⅛
BFCE ¼ 89	600	100¼	0	10⅛
CEPME ⅛ 89 £	100	100	0	13⅞
Citicorp O/S ⅛ 81 £	100	99⅛	0	13⅜
Caisse Nat Tel ⅛ 91	250	100⅛	0	10⅛
Creditanstalt ⅛ 08	150	100	0	9⅜
Credit Lyon ⅛ 89	300	100⅜	0	9⅞
Cred National ⅛ 95 £	100	89⅞	−0⅛	13⅛
Dai-Ichi Kangyo ⅛ 96	[illegible]	100⅛	−0⅛	10⅛
Denmark ⅛ 90	250	100⅛	0	9⅜
Denmark 0 99	200	99⅜	0	9⅜
Denmark ⅛ 90	500	100⅛	0	11⅛
Dresdner Bank ¼ 93	400	101¼	+0⅛	11½
Eldorado Nuke 0 89	100	100⅛	0	9⅜
Elec de France ⅛ 95	200	100⅛	0	9½
Elec de France ⅛ 99	400	100½	0	10
EEC ⅛ 90	2bn	100⅛	0	9⅜
ENEL ⅛ 93 £	100	99⅜	+0⅛	13⅜
Exterior Intl ⅛ 96	125	99⅜	−0⅛	9⅜
Ferro del Stat ¼ 88	250	100⅛	+−0⅛	10⅜
Fiat Finance ¼ 94	100	99¼	0	13
First Aust Bank ¼ 92	50	99⅞	0	8⅞
First Chicago ¼ 94	100	100⅛	0	9⅜
Ford Motor Cr ¼ 91	200	99⅜	0	9⅜
Genfinance ¼ 87	100	100⅜	+0⅛	11
Genfinance ⅛ 92	100	100⅜	0	9⅜
GZB ⅛ 81	40	100⅛	0	9⅞
GZB ⅛ 92	50	100⅜	+0⅛	9⅞
Gatabanken ⅛ 94	90	99⅞	0	10⅛
GW O/S Fin ¼ 94	100	98⅜	−0⅛	10⅛
Grindlays ⅛ 94	100	100⅛	0	8⅞
Ind Bk Japan ⅛ 88	50	101	−0⅛	10⅜
INI ⅛ 00	150	100¼	0	11⅜
Interfirst Tex ⅛ 89	100	100⅜	0	9⅜
Int Bk Rec Dev ⅛ 89	250	98⅞	0	8⅞
Ireland ⅛ 93 £	50	100⅜	−0⅛	14⅜
Ireland ⅛ 94	300	99⅜	0	9⅛
Italy ⅛ 89	500	100⅛	+0⅛	10⅜
Kleinwort Ben ⅛ 96	100	100⅛	−0⅛	12⅛
Lloyds Eurofin ⅛ 92	100	100⅜	+0⅛	9⅜
Malaysia ⅛ 93	850	100⅛	+0⅛	9⅛
Marine Midland ¼ 94	125	100⅛	0	8⅞
Marine Midland ⅛ 95	125	100	0	9⅛
Megal Fin ⅛ 94 CU	100	99½	0	9⅜
Midland Intl ¼ 89	125	100⅜	+0⅛	9⅞
Midland Ind 0 91	150	100⅜	0	11
Midland Intl ⅛ 89	200	100	0	10⅜
Mitsui Fin ⅛ 96	100	100⅛	0	10⅛
Morgan Grenfell ⅛ 94	50	99⅜	0	9
Mtg Bk Denmark ⅛ 94 £	50	100⅜	+0⅛	10⅜
Nat Bk Canada ⅛ 91	50	100	0	9⅛
Nat West ¼ 90	150	100⅛	0	9⅜
Nat West Fin 0 91	125	100⅜	+0⅜	9⅜
Nat West Bank ⅛ 92	100	101⅜	+0⅜	10⅜
Nat West Bank ¼ 94	100	100⅜	0	10⅛
Nat West Fin ⅛	385	100⅞	0	10⅛
Nests Oy ⅛ 94	100	100	0	10
New Zealand ⅛ 87	350	100⅛	0	11⅞
NZ Steel Corp ⅛ 92	300	100⅛	0	9½
Nippon Cred Bk ⅛ 80	50	100⅜	+0⅜	9⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Price	Chg. on week	Yield
Australia 8¾ 91	16	105⅛	0	7.44
Australia 8⅜ 92	16	104⅜	−1¼	7.70
Denmark 8⅜ 92	19	106	+0⅛	7.32
Eurofima 6½ 86	10	100⅜	0	6.38
Eurofima 7¼ 94	10	101¼	0	7.14
Eurofima 8⅛ 89	10	103¼	−0⅛	7.53
Euro Invest Bk 7⅜ 88	15	103⅛	+0⅛	6.62
Euro Invest Bk 8⅛ 92	16	106⅛	−0⅛	7.30
Finland 6⅜ 87	15	100	0	6.82
Finland 8¾ 89	15	104⅛	+0⅛	7.24
IADB 7½ 94	15	101½	−0⅛	7.28
IADB 8⅞ 91	15	106⅛	−1⅛	7.64
IADB 7⅞ 93	15	102⅞	−0⅛	7.40
New Zealand 7⅛ 90	15	100⅛	−0⅛	7.06
New Zealand 7⅜ 89	16	102⅛	−0⅛	6.94
New Zealand 8¼ 87	15	103⅛	−0⅛	9.79
Sweden 8½ 90	15	103⅞	−0⅛	7.57
World Bank 7 94	20	98½	−0⅛	7.23
World Bank 7⅜ 93	20	102¼	−0½	7.20
Int Bk Rec Dev 9 93	20	100	+0⅛	7.15
World Bank 8⅜ 92	20	105⅛	−0⅛	7.31
World Bank 8¾ 91	20	108⅛	−0⅛	7.01

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
Eur Coal & Steel 7¾ 88	500	96⅛	−0⅛	9.59
Eur Coal & Steel 7¾ 88	500	95⅛	−0⅛	9.22
Eur Coal & Steel 10½ 94	1bn	102	0	10.06
Euro Invest Bk 10½ 94	1bn	100⅞	+0⅛	9.89
Int Bk Rec Dev 10¼ 89	1bn	104	−0⅛	9.04

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 8 89	200	101⅛	+0⅛	7.40
ABN 7½ 89	150	101⅛	+0⅛	7.27
ABN 8⅜ 88	150	103¼	+0⅛	7.55
Amro Bank 8 89	200	101⅜	+0⅛	7.37
Amro Bank 8⅜ 88	100	100⅜	+0⅛	7.68
Bk Mees & Hope 8⅜ 99	100	101⅜	+0⅛	7.71
Beatrice Foods 8¼ 89	100	102	+0⅛	7.67
C C Rabo 8 89	150	101¼	+0½	7.50
C C Rabo 9 88	100	104⅛	+0⅛	7.62
Denmark 8⅜ 91	100	102⅛	+0⅛	8.01
Int Stand Elec 8½ 89	100	102⅛	+0⅛	7.76
Ned Midd Bank 8 89	100	104½	+0⅛	7.50
New Zealand 8¼ 89	100	102⅛	+0⅛	7.63

CANADIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Br Col Prov 12 93	100	99¾	+1⅞	12.02
Bqe L'Indosuez 14 91	75	100⅛	+0⅛	13.05
Br Col Munic 13½ 91	100	104½	+0⅛	12.36
Br Col Tele 12¼ 89	70	100	+1⅛	13.22
Farm Cred Corp 12⅛ 90	75	102¼	+1¼	11.60
Int Bk Rec Dev 12¼ 90	75	102½	+0⅛	11.57
Montreal City 12⅞ 91	50	101⅛	+1¼	11.96
Quebec Hydro 14 81	75	100⅞	+0½	13.02

ECU STRAIGHTS	Issued	Price	Chg. on week	Yield
Australia & NZ 10⅜ 91	60	104⅜	+1⅛	8.75
Oesterreich 10¼ 92	100	106⅛	+0⅛	9.42
Cred National 11⅛ 81	50	105⅞	−0⅛	10.00
Denmark 10⅜ 81	75	104⅞	−0⅛	9.76
Ebcp Intnl 10⅞ 89	55	104	+0⅛	9.57
EEC 10½ 91	80	102¼	−0⅛	8.93
EEC 11 93	50	104⅛	+0⅛	9.88
EEC 11⅜ 91	50	104½	−1⅛	10.22
EEC 11⅜ 93	70	105¼	0	10.27
Euro Coal & Steel 8 94	60	106½	0	10.29
Euro Invest Bk 10⅛ 89	60	107½	+0⅛	8.20
Euro Invest Bk 10⅜ 94	100	105¼	+0⅛	9.53
Euro Invest Bk 11¼ 92	75	106⅜	+0⅛	9.79
Euro Invest Bk 11¼ 93	60	106½	+0⅛	9.94
Euro Invest Bk 11¼ 96	50	106	+0⅛	10.29
Gen Finance 11 90	70	105⅞	+0⅛	9.55
Gte Finance 10⅝ 92	50	107	+0⅛	8.46
Int Bk Rec Dev 10⅜ 88	100	106⅛	−0⅛	8.57
Int Bk Rec Dev 11 93	50	106⅞	0	9.94
Italian Treas 11⅛ 90	60	105	0	10.24
Megal Finance 11⅛ 94	100	100⅛	−0⅛	10.64
Nippon Cred Bk 11 91	50	105⅜	−0⅛	9.75
Nordic Inv 6 94	60	105¾	+0⅛	10.26
Post Och Kred 10⅞ 92	50	101⅛	0	10.64
Royal Bk Can 10½ 88	85	107¼	−0¼	8.29
SNCI 10⅞ 94	60	103½	+0¼	10.26
Swedish Export 11 89	58	100	+0⅛	10.03
West LB 10⅞ 91	50	106½	−0⅛	9.36

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AIOC 12⅛ 90	42	98⅛	−0⅛	12.53
G J Coles 13½ 89	25	99⅛	0	13.64
Nat Aust Bk 12½ 89	00	96⅛	0	13.81
PIBA 13⅛ 89	60	95⅞	−0⅛	13.78
State Bk NSW 12⅛ 89	00	95¼	0	13.74
State Aust 13½ 87	24	99½	−0⅞	13.53

STERLING STRAIGHTS	Issued	Price	Chg. on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: Yield is redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: U.S. dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon.

CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant or yld = exercise yield at current warrant price. * Perpetual.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

Volvo sets trend for internal banks

SWEDISH BANKERS expect several more cash-rich corporations in the country to follow the example of Volvo, Scandinavia's biggest industrial concern, and establish their own internal "banks."

Volvo announced last week that it is to establish a new subsidiary, AB Fortos, to take over the more active management of the group's surplus cash resources. With an equity of SKr 500m ($56m) it will be bigger than all but the biggest banka in Sweden.

Other Industrial groups that are expected to emerge as more active players in the Swedish money and capital markets include Asea, the electrical engineering concern, and Skanska, the construction and investment group.

"That part of the liquidity that is not needed for ordinary Volvo operations will be placed in the new company for active trading," says Mr Lennart Holmström, Volovo treasurer who is to become managing director of Fortos. The new subsidiary is expected to alart business on May 1.

Volvo is hoping the move will enable it to improve the return earned on its enormous liquidity, which has been built up during a couple of years in which the group has achieved record profits, in particular on its car operations.

The group currently has liquid assets of SKr 14-15bn and at least SKr 6bn of this is seen as surplus to the needs of the operating subsidiaries. An improvement of even half a percentage point on this extra liquidity could improve earnings by close to SKr 40m a year.

Multinational companies in Sweden with high liquidity face a particular challenge in cash management, because Swedish regulations trap the money inside the country. "Ideally we would like to use the surplus liquidity to pay off foreign debts," says Mr Holmström, "but as the central bank does not allow such a large capital outflow, the money has to stay in Sweden. So it's a question of placing it most efficiently for the best possible yield."

Fortos will trade chiefly in Swedish treasury bills, bonds and certificates of deposit. Central bank currency regulations mean that it can only operate in Swedish krona instruments.

At the same time it will handle all the foreign exchange business of Volvo's Swedish subsidiaries. "There are good netting possibilities here," says Mr Holström, "some companies are buying dollars, some are selling dollars, all within the Volvo group."

In addition to acting as Volvo's internal bank, Fortos will also become the parent company of the concern's other main interests in financial services, which include STC Finans, a Stockholm-based finance company, Alfred Berg, a Stockholm stock-broker, and Volvo Finance SA, a Swiss-based company involved in dealer finance as well as bridge finance and arbitrage for the Volvo group.

The establishment of Fortos could set the stage at some later date for a more ambitious move by Volvo into the financial services industry with the evolution of a new business area in addition to the existing activities of automobiles and engineering, food processing and energy, and, more recently, pharmaceuticals.

For the banks in Sweden the message of the Volvo move is clear. "It is a step in the direction of the big corporations not needing the banks, so we have to fight harder for our business," says Mr Frank Olsson, senior vice president in the international capital markets and corporate division of PKbanken, one of Sweden's top three commercial banks.

"No other companies in Sweden have gone as far as to put their financial operations into a subsidiary company," says Mr Richard Molvidson, senior vice-president in Svenska Handelsbanken's central finance and investment division, "but some are centralising money flows through the finance department. They cut off profit margins for the commercial banks, they have a net position in different currencies, instead of all the subsidiaries buying and selling through the banks.

"It means less business for us and more competition. We have to be better with advice and at trading. If Volvo with its cash wants to move a market, it can do it. With SKr 3-4bn cash you can move any market, so they will have to be careful."

Kevin Done

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Mazda Motor §‡	100	2000	15	3	100	Nomura Int.	3.000
Chugoku Marine Pts §	10	2000	15	(3⅞)	*	Yamaichi Int. (Eur)	*
Nat. Westminster (a)†‡	400	2005	20	3/16	100	County Bank	–
Sumitomo Spec. Met. §	50	2000	15	(3)	*	Daiwa Europe	*
Kinki Nippon Rail. ‡	50	1992	7	11⅞	100	Nomura Int.	11.875
Ex-Im Bk of Korea (c)†‡	100	1995	10	¼	100	Chase (Asia)	–
Banco Central (d)†‡	150	2000	15	10bp	100	Bankers Trust Int.	–
General Foods ‡	75	1990	9	11½	99¾	Salomon Brothers	11.569
Caisse Française **Φ†‡	100	1997	12	(e)	100	Merrill Lynch	–
Denmark ‡	100	1990	5	11⅞	100⅛	Goldman Sachs	11.840
First Fed. Michigan Φ†‡	200	1995	10	(f)	100	Banque Paribas	–
EIB ‡	200	1095	10	12	100	BNP	12.000
Franklin Savings ‡	100	1990	5	11⅝	99⅞	Salomon Brothers	11.659
Council of Europe †‡	50	1993	8	(g)	100	Commerzbank	–
CANADIAN DOLLARS							
Nippon Kokan ‡	70	1992	7	11⅞	100½	Yamaichi Int. (Eur)	11.766
NEW ZEALAND DOLLARS							
BAC-COB Savings Bk ‡	35	1990	5	15⅝	100	Morgan Guaranty	15.625
D-MARKS							
Escom (Sth Africa) ‡	150	1993	9	8¼	99½	Dresdner Bank	8.338
SWISS FRANCS							
Denki Kogyo **¶‡	30	1900	–	3⅜	100	UBS	3.375
Dainippon Screen **§	100	1990	–	(1⅞)	*	SBC	*
Nat. Patent Dev. Corp. ‖	00 max	1995	–	5¾	*	Bqe Gutzwiller, K.B.	*
Nat. Patent Dev. Corp. §‖		1995	–	6½	*	Bqe Gutzwiller, K.B.	*
Kyosan Elec. Man. **§	30	1990	–	(1⅞)	*	Wirtschafts- und Privatbk	*
Sonoike Man. Co. **§	100	1990	–	(1⅞)	*	Handelsbank	*
Yokogawa Hokushin **§	100	1990	–	(1⅞)	*	Credit Suisse	*
Toko Inc. ¶	70	1990	–	(3⅝)	*	Credit Suisse	*
Takasago Thermal **§	40	1990	–	(1⅞)	*	Nikko (Switz) Fin.	*
Sumitomo Realty **§	150 max	1999	–	(1⅞)	*	Credit Suisse	*
Kansai Electric	150	1995/97	–	(9)	*	UBS	*
ECUs							
CNT ‡	75	1992	7	9¾	100	Bqe Brux. Lambert	9.750
CNT ‡	75	1995	10	9⅞	100	Bqe Brux. Lambert	9.875
Ireland (b)†‡	150	1997	12	1/16	199	Citicorp. Int. Bank	–
Seiyu Stores ‡	30	1990	5	9¾	100½	Banque Paribas	9.619
Credit Foncier ††‡	150	1995	10	9¾	99½	First Boston	9.831
STERLING							
Redland Fin. ‡	60	1992	7	0	48	Morgan Grenfell	11.055
GUILDERS							
Yokogawa Hokushin §	100	1990	5	(3½)	100	AmRo	*
Rank Xerox **‡	100	1990	5	9	100½	ABN	7.875
LUXEMBOURG FRANCS							
La Redoute **‡	250	1990	9	10¼	100	Sogenal Luxem.	10.250
YEN							
Asian Dev. Bank ‡	25bn	2000	13.32	7.3	99½	Nomura Secs.	7.356
Nat. Bk. of Hungary **‡	10bn	1992	5.4	7.6	100	LTCB of Japan	7.600
World Bank ‡	50bn	2000	13.32	7.3	99½	Daiwa Secs.	7.359
Air Canada ‡	15bn	1995	0	7.3	99.35	Daiwa Secs.	7.394
African Dev. Bank ‡	15bn	1997	12	7.4	99.90	Nomura Secs.	7.413
Finland ‡	15bn	1990	5	6¾	100	IBJ Int.	6.750

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. ‖ Dual-Currency. Φ Mis-match. (a) 3/16 over 6m Libid. (b) 1/16 over 6m Libor. (c) ¼ over 6m Libor. (d) 10bp over 6m Libor. (e) Equal to 6m Libid. (f) Equal to 6m Limean. (g) Equal to 6m Libor. †† Registered with U.S. SEC. Note: Yields are calculated on AIBD basis.

Credit Suisse in plea for Nova-Park bankruptcy

BY OUR FINANCIAL STAFF

CREDIT SUISSE, the largest creditor of the troubled Nova-Park group of Switzerland, said at the weekend it had applied to a Zurich court to have the hotel chain declared bankrupt.

The bank has claims of SwFr 60m ($23.2m) out of Nova-Park's net debts of more than SwFr 200m.

Credit Suisse said its application was in order to bring about a reorganisation which would allow at least Nova-Park's profitable Zurich hotel to continue operating. The company also owns the Elysees Hotel in Paris and the Gotham in New York, both of which have been loss-makers, and is undertaking an ambitious hotel project in Cairo.

The bankruptcy proceedings, on which the court is due to rule on April 17, are the second faced by Nova-Park in four months. In December it staved off a suit by a subsidiary of Badische Kommunale Landesbank when Mr Rene Hatt, Nova-Park's founder, sold a stake to a U.S. investor group.

The new shareholders settled that claim, for SwFr 5.1m, but a group of dissident existing shareholders have since been attempting to intervene.

Helsinki listing for AGA

AGA, the Swedish industrial gas group, is to become the first foreign company to gain a listing on the Helsinki stock exchange, Kevin Done reports from Stockholm.

The Finnish central bank has given AGA permission to place 70,000 shares in the Finnish market. It is already quoted on the Stockholm and London stock exchanges.

The shares will be sold through a secondary placement at the prevailing market price. The stock will be bought up on the Swedish market and no new equity will be issued.

To gain a listing the group's shares must first be distributed among at least 500 different shareholders. Finnish foreign exchange regulations normally prohibit the purchase of foreign shares by Finnish citizens or corporations.

"More than 80 per cent of our operations are outside Sweden and we want to broaden the base of our shareholders more in line with our commercial activities," said Mr Jan Belfrage, finance director.

Dubai Bank 'enjoys state support'

By Kathleen Evans in Abu Dhabi

THE DUBAI Government has reiterated its support for the troubled Dubai Bank and the local banking system, according to a statement issued yesterday by WAM, the national news agency.

The statement said the bank "enjoyed the support" of the Government, and that this was shown by the inclusion on the board of directors of Sultan Ali al Owais, who is also chairman of the National Bank of Dubia.

The agency said Mr Ahmed al Tayer, the United Arab *Emirates Finance Minister*, had repeatedly voiced support for the stability of the local banking system, as had the UAE central bank

Mr Abdul Rahim Galadari, Dubai Bank's co-chairman, and his brother, Mr Abdul Latief Galadari, who is also a director, together own 70 per cent of the bank, with other shareholders being Wells Fargo Bank of the U.S. and Credit Suisse.

● Last Friday's edition of the Financial Times said that Citibank holds a minority stake in Dubai Bank. It should have been made clear that, although shares were pledged to it as part collateral for a loan to the Galadaris, neither Citibank nor its parent, Citicorp, has any equity holding in Dubai Bank.

Armco agrees $130m aid plan for insurance units

BY PAUL TAYLOR IN NEW YORK

ARMCO, the diversified U.S. steel and oilfield equipment group, has reached agreement with state insurance regulators under which it will provide more than $130m in cash and other assets to support certain *of its domestic insurance units.*

The Middleton, Ohio group, which posted a $295m loss last year — bringing total losses for the past three years to $1.3bn — *has been seeking to* dispose of its insurance and other financial service operations as part of a plan to reduce debt, to restore financial stability and ensure survival.

The group's discontinued insurance and financial services operations reported a $163.9m loss last year.

Armco *said the agreement* with state insurance regulators in New Jersey, New York and Wisconsin was reached after more than a month of discussion and is subject to the approval of insurance commissioners in California, *Oregon and Iowa.*

Under the terms of the plan Armco will provide financial and management support to "significantly strengthen" Northwestern National, Armco's subsidiary based in Milwaukee.

The resources will also be provided "to permit the orderly run off" of the business of Universal Reinsurance of New Jersey and Compass Insurance of New York.

Armco said the plans are expected to be finalised within *the next few weeks.*

Wella to raise dividend

WELLA, the West German hair care company, plans to increase its 1984 annual dividend to DM 9 a share from DM 8 in 1983 AP-DJ reports from Darmstadt.

Management will propose the raised dividend to the general shareholders meeting on July 26. The higher annual pay-out will total DM 18.5m ($6m).

Net profits of the parent company jumped by 23.4 per cent to DM 20m in 1984 from DM 16.2m in 1983, Wella said. Parent company sales climbed by 15 per cent to DM 495m.

In early March Wella reported that its worldwide group sales rose by 15 per cent in 1984 to DM 1.63bn. At that time, the company said 1984 group profit would probably exceed the DM 58.2m of 1983.

Scott Greenham offer for sale gives a £22m value

BY STEFAN WAGSTYL

Scott Greenham, a crane hire company which specialises in heavy loads of up to 850 tons, is coming to the stock market with a capitalisation of £22m.

The company, based in Alfreton, Derbyshire, is seeking a listing to raise £4.4m to help finance future investment in new plant and fund acquisitions.

Scott Greenham runs a national network of depots hiring out mobile telescopic cranes, crawler cranes on caterpillar tracks for difficult terrain, and access platforms, which is increasingly used in place of traditional scaffolding.

In 1981 the company was transformed by the £3.8m purchase from contractor Taylor Woodrow of its loss-making plant hire business Greenham, a company three times the size of the old Scott.

The task of turning around Greenham, tackled in the teeth of the recession, held back profits growth. After hitting £424,000 pre-tax in the year to the end of March 1980 on sales of £1.3m, the group fell to £117,000 the next year, and a £53,000 loss in 1982.

But Scott Greenham recovered to profits of £411,000 the following year and £1.4m for 1983-84. For the current year, Scott Greenham is forecasting £2m pre-tax on sales of £12.8m.

About 40 per cent of sales come from repair and maintenance work.

Merchant bank Samuel Montagu is offering for sale 7.4m of the company's shares, or 37 per cent of the equity, at 110p. Of these, 4m are new shares sold on behalf of the company, the rest being sold by shareholders, chiefly the board and the Scott family, who together will retain 63.5 per cent of the company.

At the offer price, the price earnings multiple on forecast earnings (on a 35 per cent tax charge) is 14.3 times. The indicated dividend is 3.9 per cent.

The offer closes on April 4 and the broker is James Capel.

● **comment**

At first sight, it is a shock to see a crane hire company coming to market on a multiple of more than 14 times earnings. The nearest quoted independent competitor, Hewden Stuart, trades on a p/e of about 11. The reasons offered for Scott Greenham's premium rating are that it is well-managed, has modern plant, an ungeared balance sheet and is acquisition-minded. All this is meant to stand it in good stead in the continuing battle for market share in the depressed crane hire industry which is ripe for the kind of further rationalisation which will provide good opportunities to pick up business cheaply for Scott Greenham. The argument does have a persuasive logic, and the company's experience in turning around Greenham does, on the face of it, seems sound evidence of strong management skills. But investors should be clear that the rating takes full account of this potential. They should also be clear that they are taking a view on the state of the industry as well as the condition of the company—if other crane hire companies manage to hit back at Scott Greenham, then a long war of attrition is in prospect rather than the survivor quickly getting the spoils.

Laird rises to £24m and pays more

Turnover of the Laird Group rose by £12.89m to £318.41m in 1984 and pre-tax profits were ahead from £21.06m, a record, to £24.12m. First-half taxable figures had climbed to £10.86m, against £9.52m.

Full-year earnings per 25p share are stated up from 17.3p to 20.7p and the total net dividend is 0.5p higher at 5.5p with a final of 3.2p (2.8p).

A divisional analysis of turnover and profits shows (in £000s): sealing systems £71,417 (£65,810) and £9,608 (£7,557); service industries £87,914 (£66,845) and £5,418 (£2,597); specialist engineering £78,333 (£76,404) and £3,420 (£254 loss); and transport systems £80,741 (£96,460) and £5,536 (£11,034).

Net interest charges took £133,000 (£144,000). After tax of £7.88m (£7.47m) including £4m (£3.8m) overseas tax, and reduced extraordinary charges of £0.77m (£4.88m), net attributable profits were well ahead from £8.73m to £15.47m.

Dividends absorb £4.32m (£3.93m).

Net assets per share increased from 112.7p to 137.9p at the year end.

● **comment**

Laird's shares have undergone a substantial re-rating over the last six months and the latest figures demonstrate exactly why the market views the company in a different light. Laird anticipated the declining fortunes of its transport division sufficiently early to build other legs for the business. Now with transport profits playing a fairly small role in the foreseeable future the share price can pay attention to the growth activities of the group, rather than reflecting worries about how the Hong Kong metro contract can be replaced. Dollar profits have flattered the group's sterling total by around £1m but, that aside, the overall performance looks impressive, especially the recovery at specialist engineering where both Burnley in the UK and New York Twist Drill have been pulled round into profits. Burnley's recovery was particularly good though Twist Drill still has some way to go before its return could be called satisfactory. This year all divisions, outside of transport that is, should see further growth with group profits climbing to over £27m pre-tax. That drops the prospective p/e to 7 at 161p. With around £15m of net cash in the balance sheet further acquisitions are on the way—and investors could do a lot worse than acquire some Laird shares.

Oceonics looks for buyer to fund its plans for expansion

BY CHARLES BATCHELOR

Oceonics, the marine and defence electronics group which was one of the early glamour stocks of the Unlisted Securities Market, will today announce plans to put itself up for sale to a suitable cash-rich bidder.

The company, which moved to a full Stock Exchange listing in August 1983, is taking this unusual route to obtain increased financial backing for its expansion plans.

It is currently capitalised at £43.2m following a 22p rise in its share price to 140p on Thursday and Friday last week.

Oceonics has asked two merchant banks, S. G. Warburg and Goldman Sachs, to find a bidder for its shares.

Oceonics supplies high technology equipment and specialist survey and positioning services to the offshore industry. It has expanded over the past two years into electronic equipment for the defence industry.

It increased pre-tax profit to £2.78m in the six months ended September 1984 on turnover of £34.8m from a profit of £2.37m (restated to allow for acquisitions) and turnover of £19m in the comparable period.

But in its last full year, ended March 1984, extremely poor trading conditions in the offshore oil and gas industries contributed to a near-halving of pre-tax profits to £3.2m from £6m on turnover which rose only marginally, from £39.8m to £40.4m.

The company was founded in 1975 by the current chairman, Mr Robert Aird, to act as an electronic equipment broker to the offshore industries. He was joined two years later by the present managing director Mr Nigel Allen.

The two men held 53.8 per cent of the company's shares at August 2, 1984. Mr Aird owned 9.06m shares and Mr Allen held 7.47m. They plan to exchange their holding in Oceonics for a stake in the new parent company.

Oceonics has expanded rapidly by acquisition, buying no fewer than nine companies in the surveying and defence equipment fields in the six months ended March 1984. This has pushed up the company's borrowings.

Turnover in the year ended March 1985 is expected to be nearly double the £40.4m last time, but profits growth has not kept pace.

Weak pound hits Ramus

Significant adverse factors, such as a poor furniture performance and in particular, the weakness of sterling, have hit profits of USM quoted Ramus Holdings, a wholesale distributor of ceramic wall and floor tiles, self assembly kitchen and bedroom furniture and vinyl flooring.

Although sales for the 26 weeks to December 31, 1984 rose by over 21 per cent to £13.24m (£10.89m), taxable profits were £39,000 lower at £217,000. Sales for the first quarter of 1985 are also ahead, but the company warns that full year results will not measure up to 1983-84, when £687,000 pre-tax was achieved.

The shares fell 7p to 78p on Friday.

A substantial part of the company's tile supplies are sourced abroad and paid for in foreign currency. Because the pound fell rapidly at the end of 1984 and continued to do so in January and February, Ramus incurred much higher product costs and was not able to recover any element of these until mid-February.

However, considerable success was achieved in ceramic sales, where Ramus again increased its market share.

Half-year interest charges rose by £60,000 to £204,000. After increased tax of £106,000 (£21,000) stated earnings per 25p share were down from 5.3p to 2.5p. The interim dividend is unchanged at 1.5p net—waivers equivalent to £29,550 have been received fro mdirectors holding 1.97m ordinary shares.

Petrolex back in black

Petrolex, the USM listed independent oil company which is fighting off an £11.7m takeover bid from Clyde Petroleum, today announced a move into profit of £2.54m before tax for 1984, compared with a previous loss of £1.22m.

Petrolex's defence document also revealed that the company relieved all its petroleum revenue tax (prt) liability in the second half of 1984 and it expects this freedom from prt liability to continue throughout 1985 and 1986.

Turnover last year rose from £130,000 to £8.46m, helped substantially by the agreed merger with Viva Petroleum early in the year. Earnings per share of Petrolex amounted to 3.5p against a loss of 8p. The balance sheet at December 31, 1984, showed shareholders funds of £11.2m

Petrolex said its Forties interest alone on a nil-tax basis had a present value of £15.5m compared with its book value of £5.9m.

On the basis of Petrolex's expectations of exploration and appraisal opending up to 1987 independent consultants confirmed Petrolex's net asset value at £22.1m or 141p per share.

Clyde's revised and final offer of 75p represents a discount of 47 per cent compared with this asset valuation, Petrolex said. At Friday's close, however, the stock market valued Petrolex at the 75p bid level.

IoM Steam merger gets approval

Shareholders in the loss-making Isle of Man Steam Packet have approved by an overwhelming majority plans to merge with the Manx shipping operations of Sealink, part of Mr James B. Sherwood's Sea Containers Group.

The three resolutions concerning the merger were approved by between 77 and 79 per cent of the votes in a poll taken late on Friday. The poll overturned an earlier show of hands at the shareholders' meeting which had rejected the merger plan.

Friday's outcome confirmed the results of an earlier poll taken after a shareholders' meeting held on March 21

Steam Packet will take over Sealink's Heysham to the Isle of Man operation in return for granting Sealink a 40 per cent stake in its equity. Steam Packet will shut down its own Liverpool-Isle of Man service. Some shareholders objected that Sealink was getting its 40 per cent stake too cheaply.

F.T. Share Information

The folowing securities have been added to the Share Information Service:—

Berkeley Technology Ltd (Section: Trusts/Finance Land)
German Smaller Companies Inv Tst (Investment Trusts)
Hawk Investments Ltd (Mines—Australians)
Myson Group (Industrials)
National Oil N.L. (Oil and Gas)
Nationwide Bldg Society 12pc 3/2/86 (Loans — Building Societies)
Nationwide Bldg Society 12½pc 24/2/86 (Loans — Building Societies)
Osborne and Little (Industrials)

Arncliffe in loss and payment cut

The miners's strike and high mortgage rates badly depressed sales by property developer and building contractor Arncliffe Holdings in the second half of the year ended October 31 1984.

As a result the company carried unusually high stocks and interest charges remained high throughout the year, leading to a turnround from a pre-tax profit of £400,000 to a loss of £387,000. Per share this is equal to 7.8p (earnings 6.9p), and the dividend is cut from 2.66p to a nominal 0.1p net.

Action has beentaken to reduce current stocks and the level of borrowings, and this will continue.

Trading conditions in the first few months of the current year have been difficult, but the directors believe the company is on the path to re-establishing profitability.

Arncliffe pushed ahead with its expansion programme but the higher costs attached thereto were not recovered by the increase in sales from £5.27m to £5.55m. The growth came in first-time buyer properties, where margins are lower.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Photo-Me International†, Walker and Homer.

Finals: Richard Clay, Kleinwort Benson Gilt Fund, London and Edinburgh Trust, Stanley Miller, Planet, Queens Moat Houses, Rotaflex, Slough Estates, Spirax-Sarco Engineering, E. T. Sutherland, Watts Blake Bearne.

FUTURE DATES

Interim—	
Floyd Oil Participations	Apr 2
Finals—	
Aurora	Apr 10
Blockleys	Apr 3
Condar	Apr 4
Els (Wimbledon)	Apr 4
Expamet International	Apr 10
Falcon Industries	Apr 18
Greenbank Industrial	Apr 9
Nelsons of London	Apr 9
Nyman (I. and J.)	Apr 3
M.Y. Dart	Apr 10
Molynx	†May 8
N.M.W. Computers	Apr 15
Neill (James)	Apr 11

† Amended.

SHARE STAKES

Changes in company share stakes announced over the past week include:

Carlton Communications — David B. Green, a director, has notified the company that he has disposed of 50,000 ordinary shares.

Alfred McAlpine — M. F. Sanderson, a director, has sold 50,000 shares.

Rentokil Group—K. A. Bridgman, a director, acquired 50,000 shares allotted from a share option scheme at 69.48p, and now holds 27,148 shares.

Tysons (Contractors)—L. V. Simpson is interested in 374,650 ordinary shares.

Cluff Oil—G. G. Stockwell, a director, purchased 10,000 B ordinary shares on February 7 and sold 10,000 B ordinary on February 8.

Pyke (Holdings) — Sheed Thompson and Company has sold entire holding of 502,185 ordinary (10.9 per cent). These shares were placed with institutional clients.

C. H. Beezer—B. C. Beezer has sold 80,000 shares.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+or−	Net Div.	Times covered	Gross Yield	P.E. Ratio
‡182	F.P.	19/4	79	72	✠BTS 10p	76		bg3.4	6.0	6.4	9.9
‡185	F.P.	3/5	222	185	✠Bedford William 5p	188		b0.5	2.6	2.7	20.8
‡60	F.P.	—	86	78	✠Crown Int'l.Prod 10p	80		bg2.1	1.8	3.8	20.5
‡‡	F.P.	—	187	118	Cullen's Hldgs 10p	125		—	—	—	—
—	F.P.	—	100½	90½	German Small. Wrrts.	41		—	—	—	—
‡145	F.P.	14/6	180	150	Hillsdown Hldgs. 10p	160	+5	—	—	—	—
‡58	F.P.	—	41	37	✠Laidlaw Thomson	38		g3.5	6.0	6.1	11.4
‡185	F.P.	20/4	162	156	Mann 20p	160	+4	bg3.0	3.8	0.1	18.4
‡100	F.P.	16/4	130	117	✠Mayhew Foods 10p	120		bg1.93	3.6	2.5	16.6
100	78	1/5	78	70	Pacific Assets Tst.50p	75	+1	—	—	—	—
—	F.P.	—	44	39	Do. Ser. 1 Warrants	42		—	—	—	—
‡‡	F.P.	—	90	60	O.&O. Warrants	80		—	—	—	—
100	F.P.	16/4	107	61	✠Pepe 10p	94	+1	u3.0	8.0	4.6	12.5
£7.25	F.P.	—	730	690	Plantation Tst Units	702	+18	—	—	—	—
—	F.P.	—	95	90	REA Warrants	90		—	—	—	—
‡‡	F.P.	—	69	37	✠Sangers	62	−2	—	—	—	—
‡128	F.P.	11/4	165	142	✠Sims Catering 5p	160	−5	bg3.8	2.1	0.8	17.4
‡174	F.P.	1/3	225	200	✠Synapse Comp'r. 5p	215		bg1.7	0.1	1.0	28.1

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+or−
91.074	£30	10/4	38	37	African Dev. Bank 11⅛% Ln. 2010	38	+⅜
100	F.P.	3/5	100¼	101⅛	Bournemouth Wtr. 12¾% Red. Deb. '85	105	
‡101	£51	15/3	54	50	Felixstowe Dock Prf. Units †	52½	—
86.81	£30	19/6	31	24	Int.-Am. Dev. Bk. 9½ Ln. 2016	31	
100	F.P.	9/5	103¼	101⅜	Mid Kent Wtr. 10¼% Red. Deb. 1995	103	
100	F.P.	9/5	102¼	100½	Do. 12¼% Red. Deb. 2005	102½	+¼
‡100	£10	25/5	12½	10	Mid Southern Wtr. 9% Red. Prf. 1990	12½	
‡97½	F.P.	26/4	100	98¼	Mid Sussex Wtr. 12% Deb 2010	100	
—	F.P.	—	100	99¾	Nationwide Bldg. Soc. 10⅜% 31.3.86	100	
‡‡	F.P.	—	120	108	O. & R. 6.5% Conv. Red. Prf.	109	+1
—	F.P.	—	97	93	REA Hldgs. 9% Cum. Prf.	95	
‡‡	F.P.	20/4	111	105	Sheafbank Prop. 8% Cum. Conv. Prf.	105	
49.898	£30	19/7	36½	30	Spain Kingdom of 11¾% Ln 2010	35½	+½
91.976	F.P.	27/5	89⅞	89½	Sweden 11% Ln. 2012	90½	+½
‡	F.P.	12/4	101½	100½	Wigfall (H) 7% Cv.Gm. Prf Rd	101	

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+or−
8	F.P.	29/4	38	18	✠Acorn Computer 1p	23	−1
226	F.P.	—	275	235	Bibby (J) 50p	250	−5
65	Nil	—	223pm	280pm	Bullough 20p	220pm	
A$2	Nil	—	48pm	40pm	✠CSR A$1	40pm	−5
38	Nil	—	10pm	9½pm	FKI Electricals 10p	10pm	
245	Nil	31/5	78pm	57pm	Fisons	60pm	−3
‡238	Nil	—	55pm	53pm	Glass Glover 5p	53pm	
70	Nil	—	6pm	1pm	Jackson Expln.	1pm	
15½	F.P.	26/4	14½	13	Lyle Shipping Prefd. 5p	13	
A$0.8	Nil	—	3pm	2½pm	✠Oil Search	2½pm	
650	F.P.	26/4	393	360	R.E.A. Hldgs.	360	
53½	F.P.	12/4	65pm	56½pm	✠Sangers	62pm	−1
190	F.P.	31/5	204	193½	STC	202	
515	Nil	19/4	38pm	29pm	Trafalgar House 20p	29pm	
158	Nil	14/6	20pm	12pm	United Biscuits	12pm	−1
240	Nil	13/6	26pm	25pm	Watmoughs	25pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ● Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*AMEC	Apr 3	Final 6.5
*Anglo Amer Inv Tst	Apr 15	Final 440c
*Assoc Brit Ports	Apr 3	Final 6.5
BCI	Apr 26	Final 13.0
BPCC	Apr 18	Final 6.0
*BSG Intl	Apr 2	Final 0.65
*Bank of Scotland	Apr 22	Final 18.5
Barrow Hepburn	Apr 16	Final 1.4
Bilton (P)	May 4	Final 6.493
Brixton Estate	Apr 11	Final 2.7
Bunzl	Apr 2	Final 6.0
*Burmah Oil	Apr 11	Final 8.25
Cape Inds	Mar 27	Final 3.9
*Coates Bros	Apr 2	Final 2.8
*Cookson	Apr 3	Final 6.5
*Eastern Prod	Apr 2	Final 5.0
Flight Refuelling	Apr 27	Final 1.6
French Kier	May 2	Final 5.726
*GRE	Apr 3	Final 15.25
*Gill and Duffus	Apr 12	Final 6.0
*Glaxo	Apr 15	Interim 4.0
*Glynwed	Apr 3	Final 5.4
Horemerson Prop	Apr 30	Final 12.0
Herne Queensway	Mar 29	Final 4.75
Hawker Siddeley	Apr 17	Final 7.1
Hepworth (J)	May 1	Interim 2.25
*Niggs & Hill	Apr 3	Final 7.0
*Kwik Save	Apr 12	Interim 1.3
Laing (J)	May 2	Final 3.75
*Lasmo	Apr 5	Final 7.0

	Date	Announcement last year
Marks & Spencer	May 1	Final 4.2
Menzies (J)	Apr 30	Final 4.0
Minet	Apr 26	Final 2.45
Morgan Crucible	Apr 12	Final 4.0
Mowlem (John)	May 4	Final 9.0
HEI	Apr 17	Final 3.6
*Newarthill	Apr 5	Final 10.0
Hurdin and Peacock	Apr 24	Final 2.1
*Pearson	Apr 2	Final 9.0
Phoenix Assurance	Apr 4	Final 12.2
*Queens Moat Houses	Apr 2	Final 0.665
RMC	Apr 18	Final 7.9
Rayback	Apr 16	Final 0.5
Rio-Tinto Zinc	Apr 11	Final 12.0
*Rugby Portland Cement	Apr 15	Final 3.1
Samuel Props	Apr 26	Interim 1.5
Saatchi & Saatchi	May 1	Interim 5.64
*Slough Ests	Apr 1	Final 2.475
*Smiths Inds	Apr 10	Interim 4.75
*Sun Alliance	Apr 3	Final 34.0
*Tarmac	Apr 30	Final 10.0
Taylor Woodrow	Apr 10	Final 19.0
Tootal	May 4	Final 1.4
Travis and Arnold	Apr 25	Final 5.145
*Wier	Apr 3	Final 1.75
*Wimpey (G)	Apr 25	Final 2.2

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

FINANCIAL TIMES STOCK INDICES

	Mar. 29	Mar. 28	Mar. 27	Mar. 26	Mar. 25	Mar. 22	1984/85 High	1984/85 Low	Since Compilation High	Since Compilation Low
Government Secs.	81.81	81.10	81.06	80.78	80.74	80.76	83.77	75.73	127.4	49.18
Fixed Interest	85.53	85.57	84.68	84.63	84.54	84.55	87.48	80.43	150.4	50.03
Ordinary	964.0	978.1	978.3	982.0	939.9	992.4	1024.5	705.0	1024.6	49.4
Gold Mines	515.2	500.5	503.1	500.3	499.7	505.4	711.7	439.6	734.7	40.0
FT-Act.All.Share	616.81	620.33	620.82	622.16	625.44	620.42	630.18	464.64	630.16	61.92
FT-SE100	1277.0	1287.1	1288.0	1290.4	1297.6	1302.9	1309.9	986.9	1309.9	986.9

LADBROKE INDEX
970-974 (−5)
Based on FT Index
Tel: 01-427 4411

AMEC wins £15m

Work worth in total £15.94m has been won by the AMEC construction group. Largest went to Robert Watson & Co (Constructional Engineers) which has begun on the new submarine facilities project at Barrow-in-Furness. This will eventually house Trident and other nuclear-powered submarines during their construction by Vickers Shipbuilding & Engineering. More than 12,500 tonnes of steelwork will be fabricated and erected by Robert Watson for this £11.8m contract — the biggest in the company's history. The project comprises erection of a steel-framed main construction hall with insulated cladding measuring some 268 metres long, 65 metres wide and 51 metres high, with supporting workshops, stores and offices located on each side. Main contractor is Alfred McAlpine Construction. The Press Offshore Group has won a £3.3m contract with Shell UK Exploration and Production for extension works at the Bacton gas terminal in Norfolk. The contract has been placed on behalf of a joint venture between Shell, Esso, Britoil and Union Texas as owners of the licences. Fairclough Building has been appointed (value around £600,000) as management contractor for Phase I of the refurbishment of Manchester's Piccadilly Plaza Centre. The Mount Olympus Hotel, Conference and Leisure Centre, Stourport-on-Severn has chosen a building system to increase accommodation by another 24 double bedrooms. The extension will be built to the Add-a-Bloc concept, a modular system developed by Fairclough Building. The work is worth £240,000.

Shand wins road works

SHAND has been awarded road, water and sewerage contracts valued at almost £12.1m. Included in the awards are two contracts for the Department of Transport. The first, valued at £3.5m is to construct the new Kelsall by-pass on the A54, where 1.8 miles of the 2.2-mile stretch is duel carriageway. Shand will also carry out viaduct drainage work on the M6 in a £253,000 contract for the Department of Transport. Other roadworks include a £2.9m contract for construction of the Wolverhampton inner ring road for West Midlands County Council. Included is construction of an overbridge giving access to the railway station and a new bus station of concrete block paving construction. Work for Northamptonshire County Council is valued at £1.3m and involves road improvements on the A43 at Gibb Wood Bends and at Britannia Inn on the A428.

For Yorkshire Water Authority, Shand starts work on £2.56m contract to construct a treatment works adjacent to the Albert Reservoir in Halifax. The scheme, due for completion early in 1987, involves a water process area, a control area with reinforced concrete sub-structure, a works inlet chamber, laying water mains and drainage work. For Leeds City Council, Shand has started work on phase one of the Rothwell resewerage scheme—a contract valued at £1.3m to replace the existing main from Rothwell to Oulton. Work on the first phase will be completed in a year. Other awards include a land drainage project for Derbyshire County Council and a £264,000 contract for North West Water Authority to construct a new inlet and outlet to the clear water tank at Oswestry Water Treatment Works which supplies Liverpool's water.

Costain builds for Sainsbury

COSTAIN CONSTRUCTION has been awarded a £6.9m contract by J Sainsbury to build a supermarket complex at Pinner, Middlesex. The complex will comprise a supermarket of some 4,500 sq metres floor area; a three-storey office block providing 929 sq metres floor area; a surface plus single deck car park; separate office and workshop accommodation and various ancillary external works. Eleven self-contained shop units will form an integral part, and will be sublet. The project is due for completion by October 1986.

★

C. H. PEARCE (CONTRACTORS), Bristol, has been awarded contracts worth £4.6m. Largest is for Normalair Garrett (part of the Westland Group) for some 33,000 sq ft of factory space and associated offices at Hurn Airport, near Bournemouth. The £1.6m contract is for completion in December.

★

WILTSHIER NORTHERN, Darlington, has won tenders worth over £2.3m. Largest is alterations to building at Faverdale, Darlington, for the Property Services Agency (worth £1.9m), expected to take 15 months.

★

A £1.8m contract to demolish an existing building and replace it with single-storey structures including a staff restaurant has been won by LOVELL CONSTRUCTION (NORTHERN). The project is on the Ciba-Geigy Pharmaceuticals site at Wilmslow and will be completed next spring.

Whatlings busy in Scotland

WHATLINGS GROUP has received contracts worth £12.3m in Scotland. Whatlings (Civil Engineering) has been awarded contracts totalling over £5.05m for work in the Fife and Strathclyde area. A contract, worth £4.61m, has been awarded by the Strathclyde Regional Council for the construction of phase 3 at the Townhead Interchange in Glasgow. Two other contracts awarded by the Strathclyde Regional Council are for reconstruction work on footways in north west Kilmarnock and resurfacing work on the A726 Rouken Road in Glasgow. These contracts are worth almost £100,000. A fourth contract, worth over £347,000, awarded by the Fife Regional Council is for work associated with the construction of two roundabouts and their approach roads at Inverkeithing.

Whatlings (Building), another part of the Alfred McAlpine group, has been awarded seven contracts totalling over £7.3m for building work in Scotland. A contract, worth almost £1.18m, has been awarded by the Highland Regional Council for the construction of Council Chambers member's facilities and offices at the Regional Buildings, Inverness. Work, worth £936,000, has been placed by the Strathclyde Regional Council for alterations and extensions to the Pollok Police sub-divisional HQ.

Whatlings property division is to undertake conversion work worth £1m on St Peter's School, Glasgow. Whatlings also has contracts worth £1.61m, from Inverclyde District Council for the construction of sheltered and amenity housing for the elderly in Greenock and a £2.05m project for Nairn Floors, a member of the Unilever Group to construct a new office complex in Kirkcaldy. The general works division has been given two contracts worth £533,300: one is for the construction of a warehouse at Clydebank for Fleming Howden & Co, and the other is fire precaution work at the education offices in Glasgow for the Strathclyde Regional Council.

★

HAYMILLS (CONTRACTORS) has been awarded by the Property Services Agency a number of measured term contracts worth a total of £3m for maintenance work at a range of service establishments.

APPOINTMENTS

Four promotions at Plessey

Four senior executives have joined the board of THE PLESSEY COMPANY. They are: Professor John Bass, director of research since 1980 and managing director of the Allen Clark Research Centre; Mr Vivian Butler, managing director of the engineering and components division since 1981, which includes the solid-state businesses of semiconductors and optoelectronics; Professor William Gosling, technical director of Plessey Electronic Systems since 1981 and formerly Professor of Electronic Engineering and Pro Vice Chancellor at the University of Bath; and Mr Alan W. Jones, international director since January and formerly managing director of the displays and sensors division, including Plessey Radar. In welcoming them to the Board, Sir John Clark, chairman and chief executive, said: "These appointments recognise the growing importance of high technology and marketing in the continuing development of our electronics and communications business world-wide."

★

Sir Frank Cooper has taken over as chairman of UNITED SCIENTIFIC HOLDINGS in succession to Mr Peter Leven, who resigned on March 11 from the board and all its subsidiary companies. Sir Frank was Permanent Secretary at the Ministry of Defence, where Mr Levene has taken a top post. Mr David Fraser, managing director of the United Scientific Group, has joined the boards of Avimo and United Scientific Instruments. Mr R. J. Mountain, currently managing director of Avimo, has been appointed chairman of the company. Mr R. Macdonald has been appointed managing director of Helio Mirror Company. Mr I. W. Moore joins the board of Alvis as production director.

★

Mr Hugh Freedberg, AMERICAN EXPRESS' vice president and general manager, consumer financial services, UK and Ireland, has been promoted to vice president and general manager, travel related services, South East Asian region. Mr Freedberg will be based in Singapore.

★

Mr Roy Blackman joins SHANDWICK CONSULTANTS as a senior consultant from April 8. He joins after almost two years with Good Relations City as account director and latterly as a group head. Following a career in journalism, which included periods as Express Newspapers bureau chief in Moscow and later as a lobby correspondent, he has specialised in financial and corporate public relations.

★

Mr David Justham has been appointed chairman-elect of CENTRAL INDEPENDENT TELEVISION. He has been a member of the board since 1981 and is chairman of Central's West Midlands regional board. Mr Justham will succeed Sir Gordon Hobday, who will retire at the end of this year. Mr Alan Pankhurst, Central's director of personel and industrial relations, is to become a member of the main board.

★

BON-ACCORD FINANCE, Aberdeen, has appointed Mr Ernie Upton as managing director. He joins from First Co-Operative Finance, where he was group sales director based in Manchester. Mr Bob Pearston becomes chairman of Bon-Accord Group.

★

Mr Rodney A. Hilton has joined the board of BROWN SHIPLEY AND CO. He is managing director of Medens Trust, wholly-owned instalment credit subsidiary of the bank.

★

Following the retirement of managing director, Mr E. Bitcliffe, THE WELLMAN BIBBY COMPANY has appointed Mr P. J. Tarrant director and general manager.

Executive Investment Pension Plan

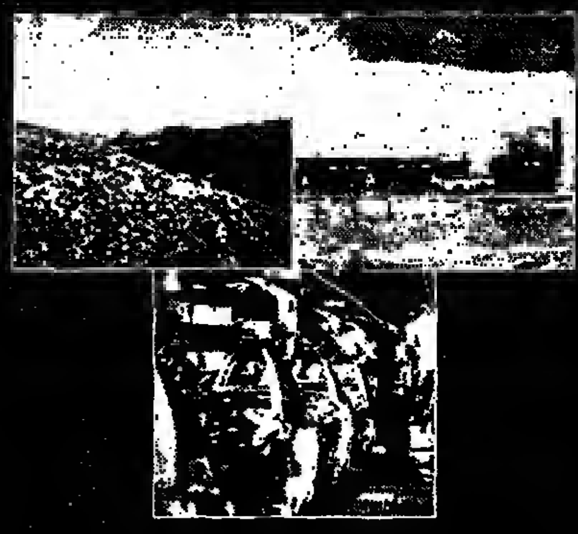
	Bid	Offer	Change
Cash Fund	117.3	123.5	+0.3
Mixed Fund	147.1	154.9	−1.6
Fixed Interest Fund	121.3	127.7	+1.4
UK Equity Fund	163.6	172.3	−1.2
Property Fund	113.4	119.4	+0.1
Overseas Fund	155.6	163.8	−6.7
Index Linked Fund	102.8	108.3	−3.8
Stock Exchange Fund	119.5	125.8	−1.3
North American Fund	103.9	109.4	−3.5
Far East Fund	99.8	105.1	−3.3
Special Situations Fund	104.2	109.7	−2.3

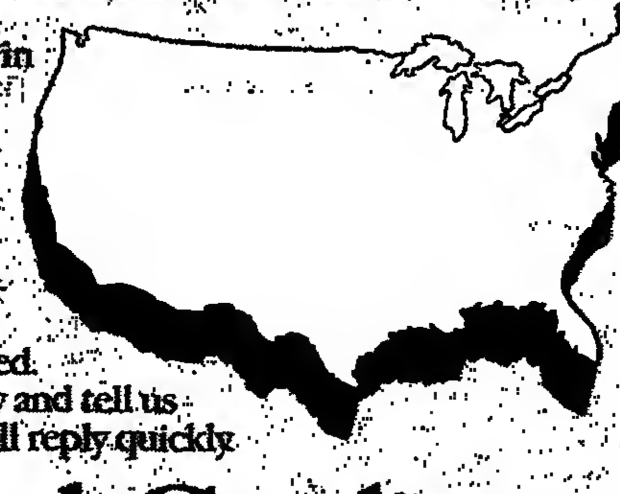
Prices March 27 Unit dealings on Wednesday

Clerical Medical Managed Funds Limited

	Bid	Offer	Change
Cash Fund	144.5	144.5	+0.3
Mixed Fund	213.6	218.9	−2.2
Fixed Interest Fund	190.2	193.1	+2.0
UK Equity Fund	239.4	246.6	−1.7
Property Fund	129.6	135.4	+0.2
Overseas Fund	230.7	242.2	−9.9
Index Linked Fund	116.6	118.3	−4.2
Stock Exchange Fund	123.1	126.2	−1.4

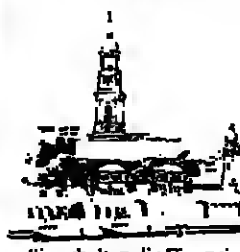
Prices March 27 Unit dealings on Wednesday
Initial unit prices available on request, telephone 0272 290566





SHARE CAPITAL

Number	Ordinary shares of 10p each	£
30,000,000	Authorised	3,000,000
22,500,000	Issued and fully paid	2,250,000



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A/S EKSPORTFINANS

(Forretningsbankenes Finansierings-og Eksportkredittinstitutt)
(Incorporated in the Kingdom of Norway with limited liability)

U.S. $50,000,000

14½% Notes Due 1989

NOTICE IS HEREBY GIVEN that, pursuant to the Conditions of the Notes, Citibank N.A. as Principal Paying Agent, has selected by lot for redemption on May 1, 1985 US$10,000,000 principal amount of said Notes at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Notes selected by lot for redemption are as follows:

5	1180	1945	2608	3421	4142	4838	5637	6391	7026	7691	8440	9178
8	1167	1957	2611	3425	4144	4848	5639	6394	7027	7695	8441	9182
9	1176	1960	2632	3428	4148	4874	5645	6401	7033	7696	8445	8104
19	1180	1964	2633	3430	4159	4877	5651	6402	7034	7702	8454	9201
15	1193	1965	2643	3435	4161	4879	5654	6406	7041	7703	8455	9202
21	1199	1967	2649	3436	4172	4880	5655	6407	7048	7707	8464	9207
22	1200	1978	2652	3438	4173	4882	5662	6409	7051	7713	8465	9215
91	1212	1978	2654	3453	4175	4884	5663	0410	7053	7722	8470	9219
35	1213	1980	2655	3455	4171	4885	5670	0418	7054	7727	8472	9221
41	1214	1981	2657	3473	4180	4886	5676	6421	7061	7732	8475	9222
46	1227	1982	2660	3480	4182	4893	5684	6426	7063	7733	8481	9234
47	1234	1995	2666	3485	4184	4894	5691	6428	7065	7739	8486	9236
48	1237	2001	2668	3488	4185	4896	5695	6437	7066	7741	8454	9238
49	1238	2003	2672	3489	4189	4919	5717	6443	7068	7744	8496	9252
50	1255	2005	2674	3503	4198	4924	5722	6444	7069	7753	8504	9254
60	1258	2006	2678	3505	4200	4925	5723	6445	7075	7754	8506	9265
65	1260	2014	2681	3508	4203	4926	5733	6447	7087	7760	8520	9271
68	1263	2018	2683	3530	4209	4933	5737	6448	7091	7766	8521	9273
71	1266	2023	2690	3534	4210	4935	5742	6451	7093	7775	8525	9286
76	1275	2025	2694	3539	4218	4938	5746	6460	7097	7776	8527	9288
77	1276	2026	2696	3543	4222	4940	5749	6465	7099	7786	8531	9292
79	1284	2029	2698	3545	4227	4950	5753	6467	7100	7792	8533	9298
83	1287	2031	2699	3546	4233	4953	5764	6469	7104	7803	8536	9301
85	1288	2036	2700	3557	4236	4954	5767	6473	7105	7611	8537	9302
87	1294	2040	2708	3563	4239	4961	5769	6475	7116	7619	8543	9303
98	1287	2041	2112	3568	4244	4962	5771	6477	7120	7819	8545	9305
100	1302	2043	2715	3569	4251	4967	5773	6480	7131	7820	8551	9308
101	1312	2044	2117	3576	4252	4970	5775	6482	7133	7826	8566	9309
104	1313	2046	2721	3579	4264	4972	5776	6484	7135	7828	8572	9312
107	1318	2047	2723	3587	4267	4975	5784	6487	7140	7832	8573	9319
115	1325	2053	2726	3588	4268	4977	5801	6491	7143	7837	8574	9318
120	1327	2055	2740	3595	4269	4982	5803	6492	7153	7839	8576	9317
128	1334	2056	2748	3601	4270	4989	5805	6495	7158	7842	8578	9318
131	1337	2072	2749	3604	4273	4995	5814	6502	7159	7845	8581	9323
134	1342	2015	2756	3610	4278	5000	5820	6504	7169	7849	8582	9340
140	1347	2078	2757	3619	4292	5009	5823	6515	7170	7850	8589	9355
151	1352	2082	2787	3620	4310	5011	5831	6518	7172	7861	8590	9357
155	1363	2091	2792	3621	4319	5012	5832	6519	7175	7863	8591	9360
157	1374	2104	2795	3626	4314	5017	5846	6523	7177	7864	8597	9361
159	1379	2108	2799	3634	4319	5030	5849	6524	7180	7867	8600	9362
164	1385	2109	2800	3635	4332	5036	5859	6528	7183	7868	8603	9363
165	1386	2119	2807	3637	4333	5041	5975	6529	7189	7869	8605	9370
166	1393	2122	2808	3639	4334	5048	5876	6531	7196	7871	8611	9372
171	1395	2124	2809	3645	4336	5061	5883	6532	7199	7878	8618	9374
173	1399	2132	2817	3647	4337	5066	5884	6535	7203	7881	8628	9381
180	1402	2134	2823	3649	4338	5075	5885	6540	7205	7883	8634	9382
183	1403	2136	2825	3652	4339	5080	5889	6543	7208	7888	8639	9387

continued on facing page

INTL. COMPANIES

INTERNATIONAL APPOINTMENTS

Major reshuffle at Nissan Motor

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN MOTOR, the second-largest Japanese automotive group, has appointed Mr Yutaka Kume to the key position of president—effectively chief executive—as part of a major reshuffle of its executive ranks.

In Japanese corporate terms, Mr Kume, at 63, is relatively young. He has a manufacturing background, but recently, as an executive vice-president, he was responsible for research and development, corporate planning, quality administration and non-automotive operations.

His career has been closely linked with that of Mr Takashi Ishihara, 73, who becomes Nissan's chairman, a non-executive role.

Mr Ishihara takes over from Mr Katsuji Kawamata, who at the age of 80 steps down after 12 years as chairman of the world's fourth-largest car company. Mr Kawamata will become a "counsellor."

The new team takes over at a troubled time for Nissan. Some of its new products have not been particularly well received and the company has lost considerable ground to Toyota, the major Japanese group and market leader.

In the year to March 31, 1984, Nissan's net sales rose only slightly, from Y3,188bn (about $12.6bn) to Y3,460bn, while its net income dropped from Y95.5bn ($377m) to Y70.5bn.

Nissan's management changes also include the appointment as vice-chairman of Mr Kaichi Kanae, 66, the executive vice-president responsible for production, operating, cost management, and the group's project in the U.S.

Surprise resignation at General Instrument

BY OUR NEW YORK STAFF

MR C MORRIS CHANG, who became president and chief operating officer of General Instrument, the once high-flying U.S. electronics group, just over a year ago, is to resign.

Mr Chang, a specialist in semi-conductors, spent 25 years with Texas Instruments before joining GI. His surprise resignation was announced in a brief statement issued by Mr Frank Hickey, GI's chairman and chief executive, which said that the two men "had reached an understanding" under which Mr Chang would resign effective April 15.

Mr Hickey, who will reassume Mr Chang's posts, added, "We make this announcement with regret since the board of directors and I respect and admire Morris Chang. We are pleased that Chang will be available to us as a consultant." In the same statement Mr Chang, aged 53, said, "While I have enjoyed my tenure at General Instrument, my personal interest are snch that my leaving GI is appropriate at this time."

Malaysian banking moves

BY WONG SULONG IN KUALA LUMPUR

Major board changes have been made at Malayan Banking and at United Malayan Banking Corporation, respectively Malaysia's second and third largest commercial banks, following the recent appointment of Datuk Jaffar Hussein to succeed Tan Sri Aziz Taha as Governor of the Central Bank from June 1.

Datuk Jaffar's post of executive chairman at MB has been split, Tan Sri Hashim, former Chief Secretary to the Government, is appointed non-executive chairman, with Azmi Wan Hamzah, a 35-year-old accountant, becoming president and chief executive.

At UMBC, Mr Abdul Rahman Hamid has given up the executive chairmanship to become president and chief executive, while Mr Zain Azahari, a board member, is promoted chairman.

The appointments reflect the control of the financial system exercised by Mr Daim Zainuddin, the Finance Minister, who is currently pushing the banks and financial institutions to play a more dynamic role in boosting private enterprise.

continued from facing page

Closing prices, March 29

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅛	16½	AAR	.48	2.6	14	92	18¾	18½	18¾	+¼
21¼	9⅝	AGS			9	162	12½	12¼	12⅝	+¼
18⅛	10¾	AMCA				5	11½	10⅞	10⅞	−⅛
17⅞	13⅝	AMF	.50	2.9	26	717	17¼	16⅞	17¼	+¼
43¼	24¼	AMR			18	6343	43	43⅞	42	+1
28½	18⅝	AMR pf2.10		11.		13	20½	20⅜	20⅝	−⅛
25⅞	22⅞	ANR pf2.67		11.		0	24½	24⅜	24⅜	+⅛
23	19	ANR pf2.12		11.		4	19¼	18¼	19¼	
14¼	0½	APL			40	15	9⅝	8⅛	9¼	
67¼	44⅝	ASA	2	3.7		620	54⅝	53⅝	53⅝	+¼
27	19	AVX	.32	1.8	11	358	17⅞	17¾	17¾	
52⅞	36¾	AbtLab	1.40	2.8	18	1386	u53⅛	52⅝	53	+¾
23⅞	18½	AccoWds	.44	1.8	19	35	22¾	22½	22¾	
22	12½	AcmeC	.40	2.6		38	15½	14⅛	15½	+⅝
10½	8¼	AcmeE	.32b	3.4	11	21	9⅝	9¼	9¾	
17⅝	15	AdaEx	2.11e	13		60	18¾	18½	18½	
29	11⅞	AdmMl	.32	1.8	7	9	18¼	18¼	18¼	+½
19½	8⅝	AdvSys	.811	7.3	19	42	11⅛	10¾	11⅛	+⅛
41⅛	25½	AMD			14	2273	33⅝	33	33⅝	+⅜
12¾	6⅞	Advest	.12	1.3		46	8¾	8½	8½	
14⅝	8¾	Aeflex			12	11	12⅛	11⅞	11⅞	+⅛
42⅝	27¼	AetnLf	2.64	6.5	39	2471	40¾	40⅜	40¾	
58¾	52⅝	AetL pf5.83e		11.		29	54½	54½	54½	−⅛
32¾	15¾	Ahmns	1.20	3.8	19	3321	u34	32⅝	33½	+1
4½	2½	Aileen			21	11	2¾	2⅝	2¾	
51	38⅝	AirPrd	1.20	2.5	11	x549	48⅝	48⅛	48⅝	+⅜
24⅝	13	AirbFrt	.60	2.9	11	153	21	20½	20⅝	−⅛

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Continued on Page 21

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, March 29

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 20

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61¼	45¾	Wrigly	1.80a	2.8	11	363	62⅝	60¾	62⅝	+1⅝
6⅝	3⅛	Wurltzr				13	4	4	4	+⅛
10	18¾	WyleLb	.32	2.6	16	256	12⅞	12¼	12⅞	
23⅞	10¾	Wynns	.60	2.0	0	217	21⅛	21	21	−⅛
X Y Z										
46¼	33¼	Xerox	3	6.9	17	2020	43⅜	42⅞	43⅜	+⅜
51⅞	45¼	Xerox	pf5.45	11.		882	50⅜	50	50½	+⅛
28	24	ZaleCp	1.32	4.0	6	34	27¾	27⅝	27¾	+⅛
24⅞	13⅞	Zapata	.84	5.7	17	263	14⅝	14	14⅝	+½
30	28	Zayre	.40b	.7	14	341	56¾	56¼	56⅝	+⅝
31¼	16⅛	ZenithE			9	1796	22¾	21⅞	22¼	+¾
21⅞	14⅝	Zero	s		19	224	20	19½	20	+¾
31⅝	21⅛	Zurnln	1.32	4.6	16	576	28⅝	27	27⅞	−1¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices, March 29

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Continued on Page 23

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 21

[illegible]

CANADA

TORONTO

Closing prices March 29

[illegible]

MONTREAL

Closing prices March 29

[illegible]

AUSTRIA

1984-85 High	Low	Mar. 29	Price %
249	202	Credit'stalt Pfd..	249
488	518	Goesser	427
545	381	Interunfall	545
255	203	Laenderbank......	245
448	300	Perlmooser	402
178	102	Steyer – Daimler.	173
409	206	Veitscher Mag ...	594

DENMARK

1984-85 High	Low	Mar. 29	Price Knr. %
502	210	Andelsbanken ...	282
720	510	Baltic Skand ...	520
350	207	CopHandelsbank	277
830	460	D. Sukkerfab	540
335	205	Danske Bank	276
1,900	930	De Danske Luft..	1,200
218	129	East Asiatic	173
1,250	720	Forenede Brygg.	885
153	05	Forenede Damp.	115
700	352	GNT Hldg	411
725	340	I.S.S.B..	495
760	445	Jyske Bank	565
5,150	1,200	Novo Ind.	1,555
979	205	Privatbanken	244
570	280	Provinsbanken ...	353
300	200	Smidth (F)	252
1,375	845	Sophus Berend ..	1,010
088	404	Superfos	478

FRANCE

1984-85 High	Low	Mar. 29	Price Frs.
1,899	1,545	Emprunt 4½% 1973	1,775
10,020	7,160	Emprunt 7% 1973	8,590
287	202	Accor..............	285
640	497	Air Liquide	639
605	375	BIC..................	616
1,995	1,415	Bongrain	1,916
836	560	Bouygues	057
2,885	2,250	BSN Gervais	2,340
1,375	1,012	CIT Alcatel.......	1,370
9,090	1,005	Carrefour	2,090
1,270	774	Club Mediter	1,174
518	497	Cie Bancaire.....	610

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

AUSTRALIA

1984-85 High	Low	Mar. 29	Price Aust. $
5.95	4.97	ANZ Group .	4.55
1.10	0.50	Alliance Oil Dev.	1.07
2.11	1.40	Ampol Pet.	1.92
1.05	0.75	Ashton .	0.93
2.05	1.05	Aust. Cons. Ind .	2.05
5.4	2.55	Aust Guarantee..	2.5
3.0	1.90	Aust. Nat. Inds. ..	2.95
2.0	1.80	Aust. Paper.. ...	2.52
0.80	3.90	Bell Group .. .	5.7
8.90	3.50	Bell Res.	6.5
1.78	1.15	Bond Corp Hldgs	1.52
4.00	0.02	Boral	5.28
2.72	1.49	Bougainville	2.10
5.94	2.50	Brambles Ind	3.94
4.02	2.05	Bridge Oil.. . .	2.55
0.08	4.80	B.H. Prop...	5.94
0.20	4.46	CSA ..	6.14
3.76	9.18	CSR	2.69
5.56	4.08	Castlemaine Tys	4.85
4.24	5.50	Coles (G.J.)	3.8
3.22	8.00	Comalco "A"	2.7
1.30	0.37	Consolidated Pet	0.5
1.6	1.10	Costain Aust.	1.80
8.35	1.45	Dunlop Olympic.	2.1
5.50	2.35	Elders IXL..	3.18
1.80	1.00	Energy Res .	1.43
2.40	1.25	Gen. Prop. Trust	2.14
3.95	9.88	Hardie (James) .	3.04
3.5	1.90	Hartogen Energy	2.4
4.55	9.95	Herald W'y Times	4.12
9.35	1.75	ICI Aust .	1.92
0.48	0.18	Jimberlana F.P. .	0.35
0.20	0.1	Kiaora Gold . . .	0.17
0.5	4.60	Lend Lease	5.8
3.98	2.22	MIM..	3.1
4.86	9.18	Mayne Nickless. ..	3.2
2.15	1.59	Myer Emporium.	1.84
3.89	0.00	Nat. Aust. Bank..	3.47
14.1	8.0	News	14.0
9.1	1.99	Nicholas Kiwi.....	1.96
5.37	1.90	North Bkn Hill. ..	2.43
1.11	0.61	Oakbridge .. , ...	0.79
4.48	0.9	Pancont'l...	1.45
2.09	1.1	Pioneer Conc	1.66
6.10	8.5	Poseidon . ..	3.85
1.45	0.94	Queensland Coal	1.44
3.55	8.4	Reckitt & Coln. .	5.30
1.40	1.06	Repco	1.25
8.20	5.14	Santos	6.1
4.40	3.20	Smith (Howard)..	4.0
9.48	1.53	Thos. Nationwide....	1.78

[illegible]

HONG KONG

[illegible]

SWEDEN

[illegible]

SINGAPORE

[illegible]

NORWAY

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

SPAIN

[illegible]

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 22

Indices

NEW YORK

DOW JONES

	Mar. 29	Mar. 28	Mar. 27	Mar. 26	Mar. 25	1984-85 High	1984-85 Low	Since Compil'tn High	Since Compil'tn Low
♦Industri'ls	1266.78	1260.71	1264.31	1259.78	1259.94	1289.36 (1/2/85)	1088.57 (24/7)	1299.36 (1/3/85)	41.22 (2/7/32)
H'me Bnds	—	72.64	72.66	72.79	72.70	74.47 (30/1/85)	64.81 (25/8)	—	—
Transport	603.06	600.09	599.53	595.66	593.00	635.30 (1/3/85)	444.03 (25/7)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	133.01	132.85	151.36	150.18	146.16	133.01 (28/3/85)	122.25 (15/6)	163.72 (20/4/65)	10.5 (28/4/42)
TradingVol 000's	101.35	99,780	101,040	89,950	74,040	—	—	—	—

♦Day's High 1270.65 (1276.51) Low 1255.85 (1256.65)

	Mar. 22	Mar. 15	Mar. 8	year ago (approx)
Industrial div. yield %	4.82	4.89	4.61	4.79

STANDARD AND POORS

	Mar. 29	Mar. 28	Mar. 27	Mar. 26	Mar. 25	1984-85 High	1984-85 Low	Since Comp'n High	Since Comp'n Low
Indust'ls	201.67	200.43	200.42	199.15	196.60	205.15 (1/3/85)	167.74 (24/7)	205.15 (1/3/85)	3.62 (30/6/32)
Comp'site	180.66	179.54	179.54	178.43	177.97	183.36 (18/2/85)	147.82 (24/7)	183.55 (18/2/85)	4.40 (1/6/32)

	Mar. 20	Mar. 13	Mar. 6	year ago (approx)
Industrial div. yield	3.86	3.90	3.83	4.00
Industrial P/E ratio	11.11	11.06	11.24	12.13
Long Gov. Bond yield	11.84	11.83	11.64	12.37

N.Y.S.E. ALL COMMON

Mar. 29	Mar. 28	Mar. 27	Mar. 26	1984-85 High	1984-85 Low
104.30	104.96	103.95	103.28	106.08 (13/2/85)	85.13 (24/7)

Rises and Falls

	Mar. 29	Mar. 28	Mar. 27
Issues Traded	1,979	1,980	1,974
Rises	1,023	888	1,033
Falls	517	638	514
Unchanged	439	453	428
New Highs	(u)	103	95
New Lows	(u)	6	11

TORONTO	Mar. 29	Mar. 28	Mar. 27	Mar. 26	1984-85 High	1984-85 Low
Metals & Minerals	2029.2	2017.5	2023.4	2039.1	2524.4 (12/1/84)	1641.2 (25/7)
Composite	2612.3	2606.4	2601.4	2584.3	2647.0 (8/3/85)	2079.7 (24/7)
MONTREAL Portfolio	128.14	128.25	128.18	128.84	132.77 (5/3/85)	100.56 (24/6)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Uncal	2,182,800	50⅝	+ ⅞
S. Cal. Edi.	2,025,400	24sd	— ⅛
ITT	1,954,800	36	+1⅛
CSX	1,551,900	23⅞	+ ½
General Elec.	1,426,200	59⅝	—
ATT	1,418,400	21⅛	+ ⅛
Tenneco	1,239,000	42⅞	— ⅞
Southern	1,181,100	20	+ ⅞
Phillips Pet.	1,080,100	38	— ⅛
Diam. Sham.	1,040,300	19⅞	+ ⅛

	Mar. 29	Mar. 28	Mar. 27	Mar. 26	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	829.7	826.1	828.4	817.8	826.4 (27/3/85)	546.3 (18/6)
Metals & Mnls. (1/1/80)	523.5	518.2	618.8	505.5	557.4 (5/1/84)	333.6 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	73.71	73.17	72.47	72.05	74.86 (22/2/85)	53.20 (13/8)
BELGIUM						
Brussels SE (1/1/80)	2262.66	2254.53	2255.85	2271.06	—	—
DENMARK						
Copenhagen SE (3/1/83)	—	178.32	178.64	179.83	225.2 (20/1/84)	158.44 (8/1/85)
FRANCE						
CAC General (31/12/82)	211.0	211.0	610.4	209.4	211.0 (28/3/85)	155.8 (8/1/84)
Ind Tendance (20/12/84)	115.4	115.6	115.4	114.2	115.6 (28/3/85)	100.0 (28/12/84)
GERMANY						
FAZ Aktien (31/12/58)	408.5	408.48	408.54	415.84	423.55 (21/3/85)	317.17 (25/7)
Commerzbank (1/12/53)	1180.8	1181.8	1183.2	1204.1	1229.5 (21/3/85)	817.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1382.84	1352.90	1350.65	1344.13	1435.17 (19/2/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	271.43	272.93	276.08	277.10	288.71 (20/2/85)	192.06 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	12580.76	12604.0	12550.8	12486.1	12684.0 (29/3/85)	9703.35 (23/7)
Tokyo SE New (4/1/68)	999.38	1004.85	1005.90	1001.83	1006.56 (22/3/85)	750.48 (4/1/84)
NETHERLANDS						
ANP-CBS General (1970)	202.7	204.8	204.8	205.8	209.7 (15/3/85)	146.8 (25/7)
ANP-CBS Indust (1970)	164.9	165.5	165.4	165.2	166.8 (22/3/85)	113.7 (18/8)
NORWAY						
Oslo SE (4/1/83)	504.8	501.92	502.74	503.21	345.9 (8/2/85)	221.67 (4/1/84)
SINGAPORE						
Straits Times (1966)	820.40	822.11	817.00	825.97	1071.8 (8/2/84)	754.4 (18/1/85)
SOUTH AFRICA						
Gold (1958)	1054.4	(u)	1050.2	1008.7	1050.8 (12/11)	738.1 (24/1/84)
Industrial (1958)	895.1	(u)	885.3	879.7	1105.5 (26/3/84)	846.8 (8/3/85)
SPAIN						
Madrid SE (28/12/84)	111.72	111.64	111.74	111.83	117.41 (4/2/85)	100.00 (28/12/84)
SWEDEN						
Jacobson & P (11/58)	1595.3	1590.63	(u)	1403.56	1594.8 (8/2/84)	1302.98 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	416.4	419.8	422.5	424.4	450.9 (19/1/85)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	202.8	202.5	200.1	202.5 (27/3/85)	153.2 (14/12)

** Saturday March 23: Japan Nikkei-Dow 12,537.8. TSE 1,005.72.

Base value of all indices are 100 except Australian All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Bank	13½%
Henry Ansbacher	13½%
Amro Bank	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	13½%
Bank Hapoalim	13 %
BCCI	13½%
Bank of Ireland	13½%
Bank of Cyprus	13 %
Bank of India	13½%
Bank of Scotland	13½%
Banque Belge Ltd.	13½%
Barclays Bank	13½%
Beneficial Trust Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13½%
CL Bank Nederland	13½%
Canada Perm'nt Mtge	13 %
Cayzer Ltd.	13½%
Cedar Holdings	14 %
■ Charterhouse Japhet	13 %
Choulartons**	
Citibank NA	13 %
Citibank Savings	¶12½%
Clydesdale Bank	13½%
C. E. Coates & Co. Ltd.	14½%
Comm. Bk. N. East	13½%
Consolidated Credits	13½%
Co-operative Bank	13 %
The Cyprus Popular Bk.	13½%
Dunbar & Co. Ltd.	13½%
Duncan Lawrie	13½%
E. T. Trust	14½%
Exeter Trust Ltd	13½%
First Nat. Fin. Corp.	14½%
First Nat. Secs. Ltd.	14 %
■ Robert Fleming & Co.	13½%
Robert Fraser & Ptns.	14½%
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13½%
Heritable & Gen. Trust	13½%
■ Hill Samuel	§13½%
C. Hoare & Co.	†13½%
Hongkong & Shanghai	13 %
Johnson Matthey Bkrs.	13½%
Knowsley & Co. Ltd.	14 %
Lloyds Bank	13 %
Edward Manson & Co.	14 %
Meghraj & Sons Ltd.	13½%
Midland Bank	13½%
■ Morgan Grenfell	13 %
Mount-Credit Corp. Ltd.	13½%
National Bk. of Kuwait	13½%
National Girobank	13½%
National Westminster	13½%
Northern Bank Ltd.	13½%
Norwich Gen. Trust	13½%
People's Tst. & Sv. Ltd.	14½%
Provincial Trust Ltd.	14½%
R. Raphael & Sons	13 %
P. S. Refson	13½%
Roxburghe Guarantee	13½%
Royal Bank of Scotland	13½%
Royal Trust Co Canada	13 %
■ J. Henry Schroder Wagg	13 %
Standard Chartered	‖13½%
TCB	13½%
Trustee Savings Bank	13½%
United Bank of Kuwait	13½%
United Mizrahi Bank	13 %
Westpac Banking Corp.	13½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Wintrust Secs. Ltd.	13½%
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1 month 10.75%. Fixed rate 12 months £2,500 10.75%. £10,000 12 months 11.00%.
† 7-day deposits on sums of under £2,000 10½%. £2,000 up to £10,000 11½%. £10,000 up to £50,000 11¾%. £50,000 and over 12%.
‡ Call deposits £1,000 and over 10½%.
‖ 21-day deposits over £1,000 11½%.
¶ Mortgage base rate.
§ demand deposits 10½%.
** See Provincial Trust Ltd.

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AUTHORISED UNIT TRUSTS

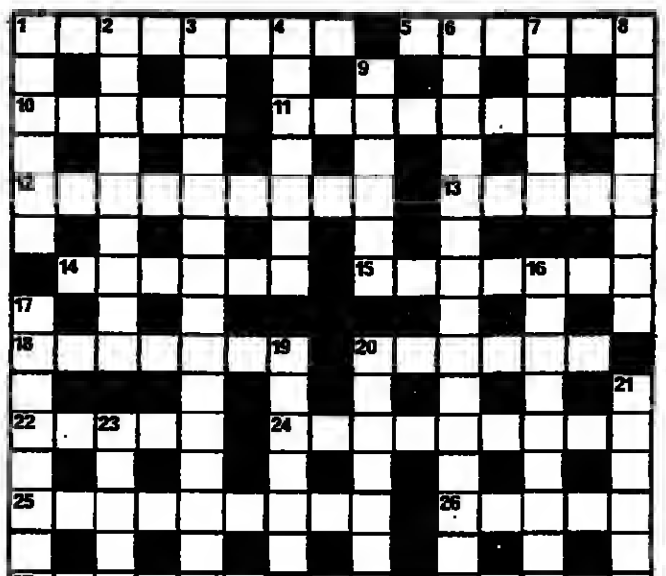
FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,683



ACROSS

1 Put right confused Jade amid evidence of corruption (8)
5 Accustomed to being cemented (6)
10 This ally is meaningfully employed (5)
11 Quiet rock around a new shop that provides meat (4, 5)
12 Party more likely to become short lived (9)
13 Bury in mountain territory (5)
14 Dangerous guns a federal agent conceals (6)
15 Tautological route, apparently (7)
18 Swindler with violent lust about her (7)
20 Moody star knocks back a measure inside (6)
22 Shelter a number above (5)
24 See cutter progress obliquely to balancing point (5-4)
25 Let her bewildered cleric sing about stripping (9)
26 Alternatively a small section of a star's path (5)
27 Fly around the set twice (6)
28 Rant about short month in church (8)

DOWN

1 Talk about the departed (8)
2 Design us garment for debates (9)
3 Versatile fellow who may reach the heights (4, 2, 3, 6)
4 Partitioned at Pete's organisation (7)
6 Hardly ever involve me with a lion cub on one (4, 2, 4, 1, 4)
7 Right across the channel (5)
8 Tears toy dress to shreds, perhaps (8)
9 Beam in through supplication (6)
16 Command clever combination that is manageable (9)
17 Well constructed, broadly speaking (5-3)
19 Rejoin with some needling, perhaps (6)
20 New rigs for modern miss (7)
21 Musical group set about ill-treated pet (6)
23 Opposed without a literary division (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01 440 8210
Fund Managers, Touche Remnant & Co

Gilt Sec A	27.4	28.9	
Managed	20.6	21.7	
Equity	14.6	17.4	-0.5
Blue Chip	12.6	21.8	-0.2
Special Sits.	24.4	25.7	-0.1
International	27.4	28.8	-0.6
American	21.5	22.7	-1.1
Pacific	21.8	22.6	-1.2
Property	17.1	18.0	-0.4
Fixed Yield	19.7	20.8	-0.2
Index Linked Secs	11.2	11.8	-0.1
Int Currency	13.4	14.2	+0.1
Deposit	16.1	17.0	-0.4

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.83	15.57		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262526

Multi Grwth Mar 8		£315.369		—
Multi Grwth "A" Mar 6	282.9	297.8		—
Op 8 Prop Mar 14	264.9	278.9		—
Op 8 Equity March 29	390.0	410.6	+3.2	—
Op Hy March 28	270.9	285.2		—
Op 8 Man Mar 28	351.4	172.0		—
Op 8 Dep March 29	203.7	214.5		—
Op 8 Gom Mar 28	178.8	188.3		14.62
Op 8 Inc Gom Mar 28	145.1	152.8		—
Op 8 Int Man Mar 28	202.7	213.4		8.79
Op 8 US$ Mar 28	144.2	151.8		12.12
Pens 8 Fr Ac Mar 31	353.6	372.3	+0.9	—
Pens 8 Eq Ac Mar 31	1,119.3	1,178.3	-12.8	—
Pens 8 FI Ac Mar 31	403.3	424.6	+8.6	—
Pens 8 Md Acc Mar 31	636.9	670.5	-7.9	—
Pens 8 Dp Acc Mar 31	329.7	347.1	+2.1	—
Pens8Gart Glob Mar 31	111.5	117.4	-7.6	—
Pens R Gart NA Mar 31	97.9	103.1	-6.6	—
Pens8GartP Mar 31	120.0	126.4	-9.1	—

For Pensions Capital Units please ring ext 2396 or 2961.

National Provident Institution
48 Gracechurch St, EC3P 3HH. 01-623 4200

Managed	202.6	211.3	-0.6
UK Equity	230.8	239.1	-1.0
Overseas Eq	193.4	204.2	-2.0
American	196.9	207.1	-1.4
Far East	170.9	179.7	-1.2
Property	111.6	114.0	+0.7
Fixed Int	169.4	175.1	+0.1
Indexed Gilt	107.7	112.9	+0.1
Deposit	115.6	121.7	+0.6

Pension Fund Prices

Man. Initial	203.7	214.5	+0.2	
Man Acc.	228.3	240.4	+0.2	
UK Eq. Initial	223.5	235.1	+0.5	
UK Eq	246.7	259.7	+0.6	—
Overseas Eq Initial	215.6	227.0	-0.9	
Overseas Eq	249.7	262.9	-1.0	—
American Initial	214.6	211.2	-1.7	
American	243.8	256.7	-1.9	
Far East Initial	212.8	224.0	-2.1	
Far East	236.0	249.3	-2.3	
Prop. Initial	109.4	115.2	+0.8	
Prop	121.5	127.9	+0.9	—
Fixed Int. Initial	147.7	155.5	+0.1	—
Fixed Int.	163.3	171.9	+0.1	
Indexed Gilt Initial	100.4	105.7	+0.5	—
Indexed Gilt	111.5	117.4	-0.6	—
Deposit Initial	114.5	120.6		—
Deposit	127.6	134.4		—

NPI Pensions Management Ltd.

Managed Fund	560.4	574.8		—

Prices March 1. Next dealing April 1

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	375.3	386.9	-2.2	—
UK Equity	173.3	182.4	+0.1	—
American	254.9	267.8	+0.5	—
Pacific	371.1	390.7	-6.1	—
Property	154.4	162.6		—
Gilt	177.2	186.5		—
High Inc. Equity	165.3	174.0	-0.1	—
High Inc. Fxd. Int.	107.9	113.6	-0.1	—
Deposit	151.5	159.4		—
Index- Linked Gilt	104.8	110.4	+0.3	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 622200

NUIG (Managed Funds) Ltd.

Managed Fund	524.1	551.7	-1.6	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.86		+0.04	—

Inv. Adv. M. & G. Inv. Mngt., Ltd, London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Cont. Fund	12.8	13.4		3.10
Chinese Fund	58.2	60.6		1.70
Precious Metal Fund	67.3	70.1		8.30
Vanguard Cmdy. Fd.	19.3	19.8		0.00
Financial Futures Fd.	32.1	33.5		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Grwth Fd	$8.72		0.03	—

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust 63 De Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.75	14.35	6-mth	Call
7-day Fnd	14.34	14.99	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.64	14.10	6-mth	Call
7-day Fund	14.23	14.73	6-mth	7-day
Dollar	7.87	8.02	6-mth	2-day
Money Mngt. Acct.	13.50	14.14	3-mth	Call

Money Market Bank Accounts

	Nom	CAR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.75	14.48	Qtr	Call
Mth. Int. Chq.	13.50	14.37	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	13.00	13.80	Mthl	Call
Barclays Prime Account PO Box 125, Northampton. 0604 252891				
High Int. Cheque	13.50	14.19	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-558 2777				
Cater Allen	13.25	14.09	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DN. 01-248 3999				
Sterling	13.50	14.37	Mthl	Call
U.S. Dollar	8.0	8.330	Mthl	Call
German Marks	5.0	5.115	Mthl	Call
Swiss Francs	2.0	2.018	Mthl	Call
Japanese Yen	5.0	5.115	Mthl	Call
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	11.0	11.47	Qtr	Call
Over £1,000	13.00	13.66	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH. 01-628 8060				
Money Mkt. Cheque Acc.	13.00	13.80	Mthl	Call
Lombard North Central PLC 17 Bruton St, W1A 3DN. 01-409 3434				
14-Day Notice	13.25	13.68	Rate	14-day
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc.	13.50	14.40	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	13.04	13.64	Qtr	Call
Provincial Trust (formerly Choularions) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 9011				
Cheque Acc	14.00	14.95	Mthl	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int Bk Acc.	12.76	13.61	Daily	Call
Premier Acc.	12.76	13.61	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	13.66	14.37	Qtr	Call
Money Acc.	13.75	14.47	Qtr	Cmp7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth. 0705 827733				
Special Acc.	13.50	14.37	Mthl	Call
Over £10,000	13.75	14.65	Mthl	Call

Notes: CAR – compounded annual rate. Int Cr – frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

OFFSHORE AND OVERSEAS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due	Stock	Price £	Last xd	Yield Int.	Yield Red.
21 Nov 21 May	Treas 3pc 1985	98⅝	15.10	3.04	13.05
15Jan 15Jul	Treas 11½pc 1985	99⅜	10.12	11.55	12.93
3 Mar 3 Sep	Treas 8¼pcCnv '85	98⅛	25 1	8.89	12.45
21 May 21 Nov	Exch 12¼pc 1985	100	16.10	12.25	12.13
25 Aug 25 Feb	Exch. 11¾pc '86	99⅞	21.1	11.76	11.77
13Oct 11Apr	Treas. 10pcCnv 1986	98⅜	5.3	10.17	11.82
19 Nov 19 May	Treas 3pc 1986	93⅞	15.10	3.19	9.10
19 Nov 19 May	Exch. 10½pc Cv '86	98⅜	15.10	10 65	11.88
12Dec 12Jun	Treas 12pc 1986	100⅛	5 11	11.99	11.68
10 Jan 10 Jul	Treas 8½pc 1984-86‡‡	96¼	4.12	8.81	11.61
29 Apr 29 Oct	Exch. 14pc 1986	103xd	24 9	13.59	11 90
21 May 13 Nov	Exch. 2½pc 1986	89	15.10	2.81	9.91
22Jul 22Jan	Exch. 13¼pc 1987	102¼	17.12	12 95	11.71
18 Aug 10 Feb	Treas 10¼pcCv '87	97⅜	4.1	10.52	11.78
24Aug 24Feb	Exch 2½pc 1987	87½	18.1	2.85	9 84
6Oct 6Apr	Exch. 10½pc 1987	98xd	1.3	10.71	11.62
1 Nov 1 May	Funding 6½pc '85-87‡‡	91¼xd	25.9	7.12	11.35
12Dec 12Jne	Treas. 10pc 1987	96⅝	5.11	10.35	11.72
14Jan 14Jly	Treas 3pc 1987	86⅛	10.12	3.48	9.89
3May 3Nov	Treas. 12pc 1987	100⅝xd	27.9	11.93	11.70
26 Jul 26 Jan	Treas 7¾pc 1985-88‡‡	92	20.12	8.42	11.11
10Nov 10May	Exch 10½pc '88	97¼	4.10	10 83	11.63
14Dec 14Jne	Treas 9¾pc Cv '88	94⅞	7.11	10.27	11.67
1Jan 1Jul	Transport 3pc '78-88	83	26.11	3 61	9.16
25 Apr 25 Oct	Treas. 9½pc '88.	93¾xd	19.3	10.14	11.75
22 Aug 21 Feb	Treas 11½pc 1989	99⅝	16.1	11.54	11.61
18 Oct 18 Apr	Treas 9½pc Cnv. '89	93⅜xd	12.3	10.18	11.63
14Dec 14Jun	Treas 10½pc 1989	96⅛	7.11	10.93	11.69
1Feb 1Aug	Exch.10pc 1989	94⅜	27.12	10.60	11.66
29 Mar 29 Sep	Exch 11pc 1989	97⅝	20.2	11.27	11.69
15 Apr 13 Oct	Treas 5pc 1986-89	81¾xd	11.3	6.12	10.11
15 Jul 15 Jan	Treas 13pc 1990‡‡	105⅛	10.12	12.33	11.47
12 Feb 12 Aug	Exch 11pc 1990‡‡	97⅝	—	11.27	11.65
22 Sep 22 Mar	Exch. 12½pc 1990	103½	13.2	12.08	11.55

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

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Financial

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AMERICANS

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CANADIANS

BANKS, HP & LEASING

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MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

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MINES—Continued

Finance

Australians

Tins

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		♥Pahang	26	27.11	B—	—	—
	July	Pengkalen 10p	550	11.4	—	—	—
June.	Jan.	Petaling $M1	235	10.12	†Q60c	♦	8.9
Jan	Sept	Sungei Besi $M1	265	26.11	‡♥Q75c	0.9	‡
Mar	July	Tanjong 15p	245	6781	q3.5	—	2.0
Sept.	Mar.	♥Tongkah H. Tin $M1	298	21.5	♥Q23c	1.2	3.6
Oct.	June	Tronoh $M1	275	3.9	‡♥Q65c	1.4	‡

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
	—	Anglo-Dominion	43	—	—	—	—
—		♥Anglo Utd. Dev.	37	—	—	—	—
—		♥Centennial Min'ls.	200	26.3	—	—	—
—		♥Colby Res Corp.	120	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	450	14.1	†Q100c	1.4	10.8
	—	♦Emess Int. Ir10p	34	—	—	—	—
Sept.	Feb.	Hampton Areas 10p	197	24.12	3.75	2.1	2.6
	—	♥Highwood Res.	198	—	—	—	—
May	Aug.	Homestake Mining $1	£20⅞	31.10	Q20c	—	0.8
—		♥McFinley Red Lake	265	—	—	—	—
	—	♥Musto Explorations	288	—	—	—	—
—		♥New Saimon Res C$1	52	—	—	—	—
October		Northgate C$1	305	977	—	—	—
Jan.	July	RTZ	660	29.10	†18.0	2.7	3.9
Jan	July	Do. 9½pcLn '95-2000	£143	29.10	Q9½%	35.4	6.8
	—	♥Tara Exptn $1	£12¼	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‖ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	102	.	Arnott	178	......
Craig & Rose £1	£10		CPI Hldgs	57	......
Finlay Pkg. 5p	62	+4	Carrol Inds.	109	-1
Higsons Brew	118	..	Dublin Gas	52	......
Holt (Jos) 25p	790	..	Hall (R. & H.)	48	......
Jobit Sim. £1	125	-2	Heiton Hldgs.	16½	......
IRISH			Irish Ropes	39	......
Exch. 12% 1985	£99¼	+⅛	Jacob (W. & R.)	65	-1
Nat. 9¾% 84/89	£86¼	+⅛	TMG.	115	......
Fin. 13% 97/02	£95	+¼	Unidare	84	......

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	12	Turner Newall	18
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd.	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds	25	Brit. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	38	Burmah Oil	18
Burton Ord	39	NEI	N	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	12	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	N	Rio T Zinc	56
Glaxo	85	TI	28		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 12

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CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	90.26	90.28	90.10	90.11
Sept	89.88	89.64	89.51	89.48
Dec	89.79	89.22	89.13	89.04
March	88.87	88.88	88.88	88.74
June	88.63	—	—	88.50

Est volume 5,933 (502)
Previous day's open int 15,804 (15,804)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	88.45	88.56	88.40	88.38
Sept	89.12	89.12	89.02	88.99
Dec	88.15	89.13	89.08	89.06
March	89.10	89.10	89.09	88.99
June	88.10	89.10	89.08	89.99

Est volume 1,065 (2,281)
Previous day's open int 5,667 (5,667)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	108-28	107-01	108-20	108-19
Sept	110-12	110-10	110-01	110-17
Dec	110-18	—	—	110-18
March	110-03	—	—	110-08

Est volume 2,029 (2,826)
Previous day's open int 2,909 (2,909)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2190	1.2351	1.2190	1.2140
Sept	1.2138	1.2195	1.2138	1.2086
Dec	1.2128	—	—	1.2085

Est volume 43 (354)
Previous day's open int 8,740 (8,740)

DEUTSCHE MARKS DM125,000
$ per DM

	Close	High	Low	Prev
June	0.3252	0.3275	0.3252	0.3217
Sept	0.3280	—	—	0.3247

Est volume 29 (109)
Previous day's open int 325 (325)

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
June	0.3857	—	—	0.3800

Est volume n0 (0)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3999	0.4008	0.3989	0.3976
Sept	0.4029	—	—	0.4010

Est volume 300 (11)
Previous day's open int 370 (370)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	128.13	128.50	128.13	128.70
June	127.40	128.50	127.10	128.90
Sept	127.90	128.50	127.90	128.30

Est volume 330 (269)
Previous day's open int 1,548 (1,548)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	69-18	69-19	69-04	68-29
Sept	68-20	—	—	68-02

Est volume 2,260 (1,600)
Previous day's open int 2,964 (2,964)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,00 32nds of 100%

	Close	High	Low	Prev
June	69-23	69-24	69-03	69-00
Sept	68-25	68-27	68-05	68-03
Dec	67-31	68-01	67-13	67-10
March	67-07	67-07	66-23	66-19
June	66-18	66-19	66-01	65-30
Sept	65-31	66-01	65-25	65-12
Dec	65-13	65-17	64-31	64-27
March	64-29	65.01	64-13	64-12
June	64-14	64-19	64-13	63-30
Sept	—	—	—	—
Dec	63-21	—	—	63-05

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev
June	91.41	91.49	91.34	91.31
Sept	90.88	90.92	90.81	90.78
Dec	90.50	90.54	90.47	90.42
March	90.22	90.25	90.16	90.10
June	90.02	90.03	90.00	89.96
Sept	89.85	89.86	89.83	89.78
Dec	89.67	89.67	—	89.61
March	89.52	89.52	—	89.45

CERT. DEPOSIT (IMM)
$1m points of 100%

	Close	High	Low	Prev
June	90.65	90.67	90.53	90.55
Sept	89.67	90.01	89.92	89.90
Dec	89.50	89.56	89.44	89.42

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev
June	90.23	90.25	90.12	90.12
Sept	89.59	89.60	89.48	89.47
Dec	89.13	89.10	89.00	89.04
March	88.79	88.81	88.75	88.72
June	88.52	88.55	88.46	89.47
Sept	88.28	88.30	88.25	88.24
Dec	—	—	—	—
March	87.87	87.50	87.90	87.84

STERLING (IMM) $s per £

	Close	High	Low	Prev
June	1.2320	1.2360	1.2180	1.2180
Sept	1.2270	1.2325	1.2135	1.2135
Dec	1.2265	1.2290	1.2150	1.2130
March	1.2265	1.2330	1.2175	1.2130

8% $100,000 32nds of 100%
GNMA (CBT)

	Close	High	Low	Prev
June	69-00	69-08	68-28	68-26
Sept	69-10	68-17	68-06	68-04
Dec	67-22	—	—	67-18
March	—	—	—	—
June	66-22	—	—	66-16
Sept	66-08	—	—	66-02

WEEKLY CHANGE IN WORLD INTEREST RATES

	March 29	change		March 29	change
LONDON			**NEW YORK**		
Base rates	13-13½	−½	Prime rates	10½	Unch'd
7 day interbank	10½	−½	Federal funds	8¼	+⅛
3mth interbank	13⅛	−⅛	3 Mth. Treasury Bills	8.10	−0.31
Treasury Bill Tender	12.3071	−0.0895	6 Mth. Treasury Bills	8.33	−0.33
Band 1 Bills	12⅞	−⅜	3 Mth. C D	8.90	+0.05
Band 2 Bills	12¾	−½	**FRANKFURT**		
Band 3 Bills	13⅛	−⅜	Lombard	6.0	Unch'd
3 Mth. Treasury Bills	12¾	+⅛	One Mth. Interbank	6.070	Unch'd
1 Mth. Bank Bills	13⅛	−⅛	Three month	6.275	Unch'd
3 Mth. Bank Bills	12½	−⅛	**PARIS**		
TOKYO			Intervention Rate	10½	Unch'd
One month Bills	6.34370	−0.1875	One Mth. Interbank	10½	[illegible]
Three month Bills	6.34370	[illegible]	Three month	10⅝	[illegible]
BRUSSELS			**MILAN**		
One month	10¼	−¼	One month	15⅛	−⅛
Three month	10⅛	−¼	Three month	15⅛	−⅛
AMSTERDAM			**DUBLIN**		
One month	6¾	−¼	One month	14¼	−⅛
Three month	6⅞	−⅛	Three month	14	−⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 13.

FOREIGN EXCHANGES

Sentiment runs against dollar

BY COLIN MILLHAM

Sentiment continued to move against the dollar last week, and by Friday it was generally assumed the U.S. currency was heading back below DM 3.00. Only about a month ago the dollar was above DM 3.45, but since then the mood of the foreign exchanges has changed quite dramatically. Factors that may not have worried the market in February sent the dollar tumbling last week. After the problems in Ohio, rumours of difficulties among banks in Texas led to fears of a wider U.S. banking crisis, while the dollar was also hit by a sudden fal in the Federal funds rate to 8 per cent on Tuesday night in New York.

A few week's ago the market may have also shrugged off an unexpected fal in U.S. M1 money supply. The programme of U.S. Treasury bond auctions was more successful than feared, but this did nothing to increase expectations of higher U.S. interest rates.

Possible banking problems, falling money supply and successful auctions, were nothing new but tended to lend weight to arguments against any firming in Federal Reserve monetary policy. The Federal Open Market Committee met last wek, but probably left credit policy unchanged.

A U.S. trade-deficit of $11.45bn in February was within the general range of expectations, but some dealers considered the figure disappointing, expecting little more than the January shortfall of $10.3bn.

U.S. leading indicators showed a surprisingly large rise of 0.7 per cent in February, but the general picture on U.S. economic growth is very confusing. Just over a week ago the flash estimate of first quarter growth in gross national product was a disappointing 2.1 per cent, against expectations ranging up towards 4 per cent.

Until recently the foreign exchange market has chosen to believe that fast economic growth and a very large Budget deficit would ensure high interest rates and a strong dollar. Now other figures are entering into the calculation, amid a general fear of conflicting pressures between liquidity problems in the U.S. banking system and the need to fund the budget deficit. If economic growth is also slackening speculative money may continue to move out of the dollar, back to the economically strong Deutsche Mark and Japanese yen, and the attractive pound, supported by high interest rates.

STERLING EXCHANGE RATE INDEX

	March 29	Previous
8.30 am	78.0	78.2
9.00 am	77.8	78.5
10.00 am	77.8	78.3
11.00 am	77.8	78.0
Noon	78.0	77.6
1.00 pm	77.9	77.4
2.00 pm	77.8	77.4
3.00 pm	77.5	76.8
4.00 pm	77.2	77.5

£ in New York

	March 29	prev. close
£ Spot	$1.2470-1.2500	$1.2270-1.2290
1 month	0.00-0.48pm	0.49-0.47pm
3 months	1.21-1.16pm	1.21-1.16pm
12 months	1.70-1.60pm	1.54-1.47pm

Forward premiums and discounts apply to the U.S. dollar.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.2375	1.2327	1.2256	1.2210	1.2212
D-Mark	3.8085	3.7841	3.7431	3.6981	3.6235
French Franc	11.6540	11.6268	11.5977	11.6096	11.6800
Swiss Franc	3.2150	3.1929	3.1572	3.1140	3.0315
Japanese Yen	310.00	308.10	309.90	301.40	295.05

POUND SPOT—FORWARD AGAINST POUND

March 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2250-1.2600	1.2365-1.2385	0.50-0.47c pm	4.70	1.22-1.17 pm	3.86
Canada	1.6825-1.7068	1.6825-1.6925	0.47-0.38c pm	3.02	1.06-0.82 pm	2.35
Nethlnd.	4.28¼-4.35½	4.28¼-4.29½	2½-2⅛c pm	0.82	6⅝-6⅛ pm	0.06
Belgium	76.01-77.68	70.60-76.70	23-18c pm	2.21	56-46 pm	2.64
Denmark	13.55-13.70½	13.69-13.60	2⅞-1¾ore pm	2.04	0⅝-4⅛ pm	1.73
Ireland	1.2136-1.2330	1.2165-1.2175	0.08p pm-0.09dis	−0.06	.01pm-.26dis	−0.38
W. Ger.	3.77¼-3.86	3.80½-3.81½	2½-2⅛pf pm	7.68	6⅝-6½ pm	5.89
Portugal	212-218½	213-217	150-540c dis	−16.28	615-1520dis	18.83
Spain	212½-214½	213-214	30-10c pm	1.12	25 pm-15dis	−0.06
Italy	2415½-2472½	2435½-2436½	1-4lira dis	−1.23	9-12 dis	−1.64
Norway	10.98-11.09½	11.00½-11.01½	1½-¼ore pm	0.89	2½-⅜ pm	0.52
France	11.54¼-11.78½	11.65-11.66	3-2½c pm	2.83	6½-5½ pm	1.93
Sweden	10.99¼-11.12¼	11.04½-11.05½	¼ore pm-⅜ dis	−0.20	⅜-1⅜ dis	−0.38
Japan	307¼-314½	309½-310½	1.91-1.85y pm	7.39	5.15-5.00 pm	6.55
Austria	25.62-26.98	26.65-26.85	16½-14½gro pm	6.93	41½-37¼ pm	3.87
Switz.	3.19½-3.26	3.21-3.22	2¾-2⅝c pm	8.10	5⅞-5⅝ pm	7.23

Belgian rate is for convertible francs. Financial franc 77.25-77.35.
Six-month forward 1.63-1.58c pm. 12-month 1.70-1.60c pm.

OTHER CURRENCIES

Mar. 29	£	$		£ Note Rates
Argentina Peso	410.20-412.98	302.00-336.80	Austria	20.68-26.63
Australia Dollar	1.7070-1.7750	1.4265-1.4263	Belgium	70.80-77.50
Brazil Cruzeiro	5,440-5,487	4,430-4,450	Denmark	13.58-13.71
Finland Markka	7.9090-7.9780	6.4330-6.4450	France	11.58-11.70
Greek Drachma	166.32-168.09	132.16-135.34	Germany	3.72-3.83
HongKong Dollar	9.0200-9.0500	7.7800-7.7970	Italy	2463-2460
Iran Rial	111.10*	94.00*	Japan	314-312
Kuwait Dinar(KD)	0.0710-0.3733	0.00283-0.3035	Netherlands	4.30-4.34
Luxembourg Fr	76.60-76.70	61.90-62.10	Norway	11.01-11.11
Malaysia Dollar	3.0650-3.1050	2.5000-2.5070	Portugal	210-220
New Zealand Dlr	2.0500-2.0600	1.6415-1.6425	Spain	209-210
Saudi Arab Riyal	4.4950-4.5350	3.6050-3.6070	Sweden	11.01-11.11
Singapore Dollar	2.7075-2.7270	2.1960-2.2050	Switzerland	3.21-3.30
Sth African Rand	2.2985-2.3433	1.8630-1.8903	United States	1.20-1.30
U.A.E. Dirham	4.0155-4.5375	3.0720-3.0730	Yugoslavia	290-315

* Selling rate.

BANK OF ENGLAND TREASURY BILL TENDER

	March 22	March 22		March 22	March 22
Bills on offer	£100m	£100m	Top Accepted rate of discount	12.3739%	12.4341%
Total of applications	£410m	£460.55m	Average rate of discount	12.0701%	12.3568%
Total allocated	£100m	£100m	Average yield	12.75%	12.76%
Minimum accepted bid	£96.910	£96.40	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	27%	72%			

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2250-1.2600	1.2365-1.2385	0.50-0.47c pm	4.70	1.22-1.17 pm	3.86
Ireland†	1.0060-1.0190	1.0115-1.0130	0.45-0.35c pm	4.75	1.13-1.00 pm	4.25
Canada	1.3660-1.3700	1.3680-1.3700	0.19-0.22c dis	−1.80	0.31-0.56dis	−1.56
Nethlnd.	3.4350-3.4925	3.4820-3.4830	0.58-0.55c pm	1.94	1.89-1.85 pm	2.12
Belgium	61.60-62.20	61.90-62.10	7½-8½c dis	−1.55	18-20 dis	−1.23
Denmark	10.81-11.05¼	11.00¼-11.00¾	1½-2¼ore dis	−2.04	4½-4¾ dis	−1.63
W. Ger.	3.0425-3.0930	3.0820-3.0830	0.80-0.75pf pm	2.58	2.40-2.35 pm	2.63
Portugal	173-175	173-175	200-500c dis	−24.14	600-1400dis	−22.99
Spain	171.00-172.70	171.80-172.30	55-65c dis	−4.18	160-185 dis	−4.01
Italy	1962-1982	1969½-1970½	9½-10lira dis	−3.92	28-28½ dis	−3.75
Norway	8.82-8.93	8.87½-8.88½	2⅜-3⅛ore dis	−4.04	7½-7⅜ dis	−3.37
France	9.34-9.43½	9.40¼-9.40¾	1.45-1.55c dis	−1.91	4.10-4.40dis	−1.81
Sweden	8.88-8.96	8.93-8.93½	3½-3¾ore dis	−4.70	9¾-10¼ dis	−4.67
Japan	249.50-251.50	251.00-251.10	0.55-0.31y pm	2.54	1.75-1.70 pm	2.76
Austria	21.50-21.67	21.60-21.65	4-3¼gro pm	2.01	12½-10½ pm	2.13
Switz.	2.5850-2.6200	2.6020-2.6030	0.78-0.72c pm	3.45	2.20-2.14 pm	3.33

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.40-62.50.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0079	+0.25	+0.11	±1.5522
Danish Krone	8.14104	7.98412	−1.90	−1.67	±1.6419
German D-Mark	2.24184	2.23858	−0.23	−0.10	±1.1476
French Franc	6.87456	6.83117	−0.63	−0.50	±1.3669
Dutch Guilder	2.52595	2.52308	−0.11	+0.02	±1.5171
Irish Punt	0.72569	0.717068	−1.19	−1.06	±1.6703
Italian Lira	1403.49	1428.77	+1.80	+1.80	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Mar. 29	Bank of England Index	Morgan Guaranty Change %
Sterling	77.2	−12.3
U.S. dollar	145.2	+31.2
Canadian dollar	87.2	−6.0
Austrian schilling	112.1	+0.7
Belgian franc	89.4	−10.9
Danish Kronor	77.8	−5.1
Deutsche mark	121.7	+0.8
Swiss franc	138.3	+7.3
Guilder	112.1	+3.5
French franc	64.8	−13.4
Lira	40.5	−17.1
Yen	154.8	+11.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.797484	0.584022
U.S. $	0	0.981973	0.727107
Canadian $	10.65	*	0.994312
Austria Sch.	4½	21.4869	15.7126
Belgian Fr.	11	61.0283	45.0076
Danish Kr	7	10.9189	7.98418
D'mark	4½	3.06601	2.23859
Guilder	5½	3.40101	2.52306
French Fr	9½	9.34473	6.83117
Lira	16½	N/A	1428.77
Yen	5	250.226	182.813
Norway Kr.	8	8.80994	6.45703
Span'h Pta.	—	170.598	123.209
Swedish K.	9	8.81490	6.48943
Swiss Fr.	4	2.59466	1.89023
Greek Dr'ch	20½	N/A	96.7162
Irish Punt	16¾	0.977587	0.71768

* C$/SDR rate for March 28: 1.35244.

EXCHANGE CROSS RATES

Mar. 29	Pound St'rling	U.S. Dollar	Deutschem'k	J'paneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.238	3.801	310.0	11.08	3.218	4.288	2436.	1.888	70.05
U.S. Dollar	0.808	1.	3.083	251.1	9.405	2.603	3.483	1970.	1.364	58.00
Deutschemark	0.269	0.326	1.	80.36	3.059	0.844	1.123	232.4	0.443	20.12
Japanese Yen 1,000	3.236	3.992	12.29	1000.	37.60	10.37	13.83	7858.	5.444	247.3
French Franc 10	0.858	1.063	3.269	266.0	10.	2.758	3.579	2090.	1.448	65.77
Swiss Franc	0.311	0.385	1.185	96.42	3.625	1.	1.334	757.7	0.525	23.84
Dutch Gilder	0.233	0.282	0.882	72.30	2.718	0.750	1.	568.3	0.394	17.88
Italian Lira 1000	0.411	0.564	1.554	127.3	4.784	1.320	1.760	1000.	0.693	31.47
Canadian Dollar	0.590	0.733	2.258	183.7	0.907	1.900	2.541	1444	1.	40.46
Belgian Franc 100	1.306	1.014	4.271	404.4	10.21	4.194	5.094	3176.	2.602	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13¾-14	8½-8⅝	8¼-10⅛	6⅝-6¾	1⅛-1⅜	5⅝-5¾	10⅛-10½	13⅛-14⅛	9¼-10¼	10⅛-10⅜	6⅛-6⅜	9¾-10¾
7 day's notice	10⅝-13⅞	8⅝-8¾	8¼-10⅛	6⅛-6¾	2⅛-2¾	5⅝-5¾	10⅛-10½	14⅜-13¼	10-10½	10¼-10½	6⅛-6⅜	11-12
Month	13⅝-10¾	8⅝-8¾	10⅛-10⅝	6½-6⅝	3¼-3⅜	5⅝-5¾	10½-10⅝	14⅛-13	10⅛-10⅝	10⅛-10⅝	6⅛-6⅜	11¼-11¾
Three months	13⅛-13¼	9-9⅛	10⅝-10⅞	6⅞-7	5⅛-5⅝	6-6	10⅞-11	14½-16	10⅛-10⅝	10⅜-10⅝	6⅛-6⅜	11⅛-11¾
Six months	12⅝-12⅞	9⅜-9⅝	10⅞-11⅛	6½-7⅛	5⅛-5⅝	6⅛-6¼	11⅛-11⅝	10-10⅝	10½-10¾	10½-10¾	6⅛-6⅜	10¾-11¼
One year	11⅝-12⅛	10⅛-10¼	11⅛-11⅝	7-7⅛	5⅜-5⅝	6¼-6⅝	11¾-12	10⅜-10⅞	10¾-11	10¾-11	6⅛-6⅝	11-11⅛

Asian $ (closing rates in Singapore): Short-term 8⅞-8¹¹⁄₁₆ per cent; seven days 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; one-month 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; three months 9-9⅛ per cent; six months 9⅝-9⅞ per cent; one year 10⅛-10¼ per cent. Long-term Eurodollars: two years 11⅛-11¼ per cent; three years 11⅛-11⅜ per cent; four years 11⅝-12 per cent; five years 12-12⅛ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Pound encourages base rate cut

National Westminster Bank took the London money market by surprise last week in cutting its base rate by another ½ per cent to 13 per cent. Lloyds Bank followed quickly, but the two major high street banks remained at 13½ per cent, with Barclays formula, related to the average cost of three-month money, certainly not pointing to another reduction yet.

The bank of England moved its money market intervention rates into line with the lower base rate, but only about a week ago a substantial amount was lent to the discount houses for 14 days at a rate above the existing base rate and the dealing rate for 14-day bills. This was taken as a signal that another cut in base rates would not be welcome during the period of ts loan, and despite the moev to lower base rates wholesale money market rates have only fallen slowly and nervously.

Sterling's strength on the foreign exchanges gave credibility to the lower base rates, as overseas funds were attracted into the pound and out of the dollar. Interest rate differentials remain substantially in favour of London, and the pound gained ground against all major currencies. In spite of finishing below its best, sterling has risen about 20 cents from the low touched on February 26 and has also gained 20pfennigs against the D-mark. This comared with a tight Budget, and lower money suply targets has allowed a fall in interest rats.

Money market conditions are expected to stay difficult this week, as the Bank of England has tended to roll forward shortages through repurchase agreements on gilts and bills. Lower interest rates have encouraged bill issuing by corporate customers of the clearing banks, but the prospect of yet lower rates means these bills have tended to be very short, of about 14 days duration.

These only become eligible for outright sale to the Bank of England after 7 days, but help to keep the system turning over, while day-to-day pressure should ease as the seasonal tax paying quarter comes to an end.

UK clearing banks base lending rate 13-13½ per cent since March 29

MONEY RATES

March 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.85-6.00	10¾	1⅛-1⅝	6¾-6⅞	6.46870	10½-10⅞	9.75	14-14¼
One month	6.00-6.13	10⅝-10¾	5⅛-5⅝	6⅛-6⅝	6.34370	15-10⅝	10⅝-10⅝	16⅛-14⅝
Two months	6.10-6.25	10⅝-10¾	—	—	—	—	—	13-14¼
Three months	6.20-6.30	10⅝-11⅜	6⅛-6⅝	6¾-6⅞	6.34370	10⅝-15⅝	10⅝-10⅝	13⅞-14⅛
Six months	6.25-6.40	10⅝-10⅝	—	6⅞-7	—	—	11⅛-11⅝	13¾-14
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10½	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Mar. 29 1985	Sterling Certificate of Deposit	Interbank	Local Authority Deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-14⅞	10½-13¾	10¾-14¼	9-13½	—	—	—	—	—
2 days notice	—	—	14	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅝-14	13⅞-14	13⅞-14¼	13-13¼	—	—	—	—	—
One month	13⅛-13⅞	13⅛-13⅛	13⅝	13¾	10	12⅞	12⅞	12⅞	12⅞	13⅛
Two months	13⅛-13⅛	13⅛-10⅛	13¼	13⅛	13¾	12⅞	12⅞	12⅞	12⅞	13⅛
Three months	13-13⅛	13⅛-13⅛	13⅛	10⅝	12½	12⅝	12¼	12½	12⅝	10⅛
Six months	12⅞-12⅛	12¼-12⅝	12½	—	—	—	—	11¾-11⅞	11¾-11⅞	12⅝
Nine months	12⅞-12⅛	12⅛-12⅞	—	—	—	—	—	—	—	—
One year	12-11⅞	11⅞-12	12	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅝-14	—	10¾	8.80-8.70	8⅛-8⅛	10⅛-10⅞
Two months	14¼-13⅞	—	13⅝	8.75-8.85	8½-8¾	10⅛-10⅞
Three months	13¾-10⅝	—	10⅛	8.9-9.0	8⅝-8⅞	10⅛-10¼
Six months	12⅞-12⅛	—	12⅛	9.0-9.4	8⅞-9⅛	10⅛-10¼
Nine months	12¼-12⅝	—	12⅛	9.0-9.7	—	—
One year	12⅝-12¼	—	12⅛	10.05-10.15	9¼-9⅛	10¼-10⅝
Two years	—	11⅞	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period February 6 to March 5 1985 (inclusive): 13.883 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 13-13½ per cent. London Deposit Rates for sums at seven days' notice 10½-10⅝ per cent. Treasury Bills: Average tender rates of discount 12.3571 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13½ per cent; one-three months 13¼ per cent; three-six months 12⅝ per cent; six-nine months 12½ per cent; nine-12 months 12 per cent. Under £100,000 11¼ per cent from March 28. Deposits held under Series 6 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 29)

Three months U.S. dollars

bid 9	offer 9 1/8

Six months U.S. dollars

bid 9 7/16	offer 9 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

Prime rate	10½
Broker loan rate	9½
Fed funds	8
Fed funds at intervention	8⅛

Treasury Bills

One month	7.90
Two month	8.10
Three month	8.10
Six month	8.53
One year	8.74

Treasury Bonds

Two year	100¹⁹⁄₃₂
Three year	99¼
Four year	100⅞
Five year	100⅜
Seven year	100⅜
10 year	97⅜
30 year	96²³⁄₃₂